AMERICAN IMPERIALISM

By Victor Perlo

How does American imperialism operate? Precisely what methods does it use in its bid for world domination? What is the real meaning of the Truman Doctrine, the Atlantic Pact, and the Point Four program? What are the effects of American imperialism on the people at home? Here is a thorough, well-documented study which answers these and related questions in detail.

INTERNATIONAL PUBLISHERS, NEW YORK

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PRINTED IN THE UNITED STATES

CONTENTS

I. THE RISE OF AMERICAN IMPERIALISM 7
Roots of Imperialist Expansion, 8; Methods of Imperialist Expansion, 12; Colonial and Semicolonial Forms of Rule, 15; The Philippines, 17; Why American Imperialism Became the Most Powerful, 23; Capitalist Decay and Socialist Advance, 28; The United States and the System of Moribund Imperialism, 31

II. WALL STREET'S EMPIRE 33
Division of the World Among the Oil Trusts, 34; International Metals Combines, 37; The Myth of Raw Material Shortages, 40; Ownership of Food Supplies, 43; Industrial Empires, 44; The Cartel System, 46; Banking Empires, 51; Trade Empire, 53; Territorial Empire, 54

III. THE STAKES OF AMERICAN IMPERIALISM 59
Forms and Amount of Superprofits, 61; National Exploitation, 70; Superexploitation of Working People, 71; Imperialism and Native Reaction, 74; Superexploitation of United States Colonies, 77

IV. THE STAKE OF WALL STREET IN THE JIM CROW SYSTEM 82
Superexploitation of the Negro People, 84; Political Aspects of Oppression, 90

V. RETARDED DEVELOPMENT OF DEPENDENT COUNTRIES 94
Political and Cultural Domination, 98; Reasons for Retarded Development, 103; Attempts at Industrialization in Dependent Countries, 106; The "Bold New Program," 114

VI. THE STRATEGY OF WORLD DOMINATION 121
Wartime Expansion of American Imperialism, 123; The Goal of Unlimited Expansion, 126; Consolidating the Home Front, 130

VII. ATTEMPT TO COLONIZE EUROPE 134
Step-by-Step Conquest, 135; Installation of Reactionary Quislings, 136; Propaganda and Intimidation, 141; Progression of Political Control, 143; The "Unification" of Europe, 145

VIII. ECONOMIC DOMINATION OF WESTERN EUROPE 150
Superdumping, 150; Wage Cutting, 152; Suppression of National Economies, 156; Dollar Dependency, 159; Turning

European Industry Over to Wall St., 164; The Economic "Unification" of Europe, 167

IX. WOULD-BE INHERITORS OF EMPIRE 172
The Truman Doctrine and the Middle East, 175; Penetration in Africa, 182; The Future of Imperialism in Asia, 188; The Invasion of Korea, 193

X. MILITARY DOMINATION AND WAR 196
Bases and Alliances, 198; Arms for Colonial Suppression, 200; Military Domination of Western Europe, 203; Anti-Soviet War Plans, 210; Bankruptcy of the Strategy of World Domination, 214

XI. IMPERIALISM AND THE AMERICAN PEOPLE 222
Parasitism and "Regulated" Capitalism, 225; War as the Escape from Economic Crisis, 228; Binding Labor to the War Drive, 232; Reaction and Chauvinism, 237; War and the American People, 238; Special Role of the American People, 241

REFERENCE NOTES 244

INDEX 253

I. THE RISE OF AMERICAN IMPERIALISM

What is imperialism? In particular, what is American imperialism? Is it the big stick policy of Theodore Roosevelt? Is it the acquisition of colonies? Is it wars of aggression and territorial expansion? Is it the Marshall Plan? Is it militarism and Jim Crow? Is it the Taft-Hartley Act and anti-Communist witch-hunts?

All these are characteristics of imperialism. They constitute imperialist policies and actions. But imperialism is something more. It is a historical stage of capitalism. All of the actions and policies mentioned above flow from the stage of development which capitalism has now reached—the highest and final stage.

Historically, the basic economic factors of imperialism are well defined:

(1) Production and capital are so concentrated that monopolies play a decisive role in economic life.

(2) Banking capital and industrial capital merge into gigantic empires of finance and industry, or "finance capital." The heads of these empires emerge as a select "financial oligarchy," popularly known in the United States as "Wall Street," in England as "The City."

(3) The export of capital, that is, foreign investments, has become especially important, as distinguished from the earlier period when the export of commodities predominated.

(4) International cartels and other forms of capitalist monopoly share the world among themselves.

(5) The territorial division of the world among the greatest capitalist powers is completed.[1]

Imperialism is that stage of capitalism, dating from about the turn of the century, in which these factors prevail.

Who are the American imperialists? It is quite clear that the overwhelming majority of Americans have nothing to do with the ownership or control of monopolies, industrial or financial. The ordinary citizen has no capital for export or otherwise. He does not

participate in the formation of international cartels and has no stake in foreign conquests.

The American people are not imperialists. The imperialists are only the tiny group of those who own and control America. They are those of whom Anna Rochester wrote in her study of American monopoly, *Rulers of America*—the Morgans, Rockefellers, Mellons, and the oligarchy around them. More than a few politicians, generals, police agents, corporation managers and superintendents, newspaper editors and motion picture executives, American Legion officials, and labor union bureaucrats carry out their orders. But even with their varied retainers and agents, the imperialists are a tiny minority. They are not only different from, but they are the bitterest enemies of, the people of the United States. They parade their imperialist policy as "American policy," as the will of the people. They disguise aggression abroad as the defense of this country and the safeguarding of its people's liberties.

Thus it is essential to bear in mind throughout this book that the exposures of United States imperialism or imperialists are not attacks on the United States as a nation, or on its people. On the contrary, they are directed against the ruling families of finance capital, those who have no interest in the country but to exploit it, whose "patriotism" consists of claiming the various oceans and seas and continents as "American"; those who look on the United States as a source of profits and a base for establishing a world empire with fire, sword, and atomic bomb.

ROOTS OF IMPERIALIST EXPANSION

American imperialism did not arise suddenly over a half-century ago. It was the product of the previous course of the history of the United States and of the world. After the victorious war for independence, United States capitalism expanded territorially at the expense of Indians, Mexicans, and various European colonial powers. From a small strip of territory on the eastern seaboard, it grew into a large continent-wide area.

The Civil War began a new epoch. During the second half of the nineteenth century, United States industry grew more rapidly than that of any other country. While the masters of Europe expanded by colonizing beyond the oceans, the United States capitalists expanded mainly within their own political borders. Instead of seeking

resources abroad, the owners of banks, railroads, steel, and oil seized the lands of the Indians, foreclosed the homesteads of farmers, and absorbed the barbaric economy of the southern slaveowners. They imported workers from Europe by the millions, including skilled workers needed to exceed European technical standards. They used hundreds of thousands of Mexicans, Chinese, and Filipinos to build the railroads and capitalist farms of the southwest, employing them within the boundaries of the United States, but at colonial wage standards and conditions of work. Above all, American capitalists built their early fortunes on the sufferings of millions of Negro slaves kidnapped from Africa, and on their sons and daughters for succeeding generations.

While United States capitalism was expanding internally, the competitive process of "dog eat dog" inherent in the system led to the trustification of industry and finance.

Already by 1890 the growth of monopolies was causing widespread distress to workers, farmers, and small businessmen. The political pressure of the people forced the passage of the Sherman Anti-Trust Act. But this legislation was quite ineffective, because monopolies inevitably grow out of capitalist competition, because the capitalist government in the United States has consistently represented the strongest capitalist groups and, hence, the very monopolies it is supposed to suppress. The aluminum trust, the Standard Oil trust, the du Pont chemical trust, the steel trust, the electrical equipment trust in industry, the House of Morgan and the National City Bank in finance, made a mockery of the Sherman Anti-Trust Act.

The merging of banking and industrial capital in finance capital was signalized by the key role of the House of Morgan in the formation of the electrical equipment and steel trusts; of the Mellon Bank in the formation of the aluminum trust; of the firm of Kuhn-Loeb in the railroad mergers; in the heavy buying of the Rockefellers into the National City Bank and their control of the Chase National Bank. By the mid 1930's a United States government report found eight groups of finance capital which controlled 62 per cent of large-scale industry, transportation, public utilities, and banking in the United States.[2]

The conquest of the United States economy by finance capital led to the accumulation of a superabundance of capital in a few hands. The law of capitalism is continuous acquisition. The monop-

olies had to find new fields for investment of their surplus capital. Failing this, their profits would fall in resulting economic crises.

This is what actually happened during the decade of the 1890's. Pig iron production, which had increased almost 150 per cent during the previous decade, declined in 1891, dropped sharply in 1893 and 1894, and by 1897 was only five per cent higher than in 1890.[8] Unemployment mounted. Strikes became more frequent, and union organization more vigorous.

Therefore, United States finance capital had to employ its idle capital, had to seek sources of greater profits—of superprofits—outside the continental boundaries of the United States. Thus the United States, previously an importer of capital, began through its monopolies by the turn of the century to export capital on a significant scale.

As the monopolies expanded abroad, they worked out deals for division of properties and markets with their European counterparts. Early in the present century the Rockefeller oil trust divided up the world's known oil resources and marketing areas with the Rothschild and Nobel interests; while the Morgan-dominated General Electrical Co. divided up the world market for electrical equipment with the German General Electric Co., A.E.G.

In the realities of imperialist relations, economic control requires political and military control; areas of market and financial domination require areas of colonial domination and spheres of influence. During the last half of the nineteenth century the leading capitalist governments had rapidly extended their colonial holdings and spheres of influence, within which their respective monopolies could derive exclusive profit. By the end of the century almost all of Africa and the Far East outside of China were divided up into formal colonies of the European powers, while China itself, the rest of Asia, and Latin America were spheres of influence of European finance capital. The United States, before 1898, acquired abroad only Alaska, Hawaii, and part of the islands of Samoa.*

Thus the five basic factors of imperialism developed in the United States and on a world scale. These are the roots of the policies of war and acquisition abroad, of reaction and chauvinism at home, which are characteristic of imperialism. They set the stage for the Kaiser, Cecil Rhodes, Theodore Roosevelt, and the other

* Formally annexed 1898-1900.

empire builders who acted as political fronts for finance capital.

In particular, the United States government, the state of the largest trusts in the world, set out to build an empire to their measure, to redivide the world through the standard imperialist method of war and conquest.

The noted British economist, J. A. Hobson, writing in 1902, traced the driving forces behind United States expansion. He described the rapid growth of industry, the formation of huge trusts, the closing down of inefficient units, the lack of outlets for investment of the gigantic profits of the trusts, and hence the drive for foreign acquisition:

"It was this sudden demand for foreign markets for manufactures and for investments which was avowedly responsible for the adoption of Imperialism as a political policy and practice by the Republican Party to which the great industrial and financial chiefs belonged, and which belonged to them. The adventurous enthusiasm of President Theodore Roosevelt and his 'manifest destiny' and 'mission of civilization' party must not deceive us. It was Messrs. Rockefeller, Pierpont Morgan, and their associates who needed Imperialism and who fastened it upon the shoulders of the great Republic of the West. They needed Imperialism because they desired to use the public resources of their country to find profitable employment for their capital which otherwise would be superfluous."[4]

Hobson focuses on *symptoms* of trustified expansionism. Lenin, on the other hand, focuses on the whole *system* of capitalism in its imperialist stage, showing the inevitable path which imperialism must follow.

The late Senator Albert J. Beveridge of Indiana, an early exponent of United States imperialism, has described the conditions and policies of expansionism. On April 27, 1898, he laid down the terms in a highly revealing speech:

"American factories are making more than the American people can use. American soil is producing more than they can consume. Fate has written our policy for us; the trade of the world must and shall be ours. And we shall get it as our mother, England, has told us how. We will establish trading posts throughout the world as distributing points for American products. We will cover the ocean with our merchant marine. We will build a navy to the measure of our greatness. Great colonies, governing themselves, flying our flag and trading with us, will grow about our posts of trade. Our institutions will follow our trade

on the wings of our commerce. And American law, American order, American civilization, and the American flag will plant themselves on shores hitherto bloody and benighted, by those agencies of God henceforth made beautiful and bright."[5]

Of course, workers in American factories and farms have never made as much as the people needed. But already fifty years ago workers made far more than capitalism permitted the people to consume. The imperialist attempt at a solution of this contradiction is that proposed by the capitalist spokesman, Beveridge.

Some historians try to obscure the driving force, the big business content of American expansionism, by pointing to isolated politicians and capitalists who opposed specific annexations at the turn of the century. But Beveridge echoed the political agents of the House of Morgan, Theodore Roosevelt and Elihu Root, Lodge of the Boston financial group, the bulk of the Chambers of Commerce. The spirit of militarism, war, and national superiority proclaimed by Beveridge is as much a part of imperialism as are its trusts and banking empires. The only foreign policy choices for imperialist leaders are the strategy and tactics to be followed in attempting foreign conquests.

METHODS OF IMPERIALIST EXPANSION

The American people have been raised on the comfortable myth that United States armies are nonaggressive; that American business enterprise penetrates the world by means of peaceful competition and service to consumers. The body of this book endeavors to explode this myth through detailed description of the actual mode of operation and penetration of the Wall Street combines. Here it is fitting to summarize their methods.

The fact is that the aggressive use of military power has been and remains the primary means of United States imperialist expansion, just as it has been for British, French, German, and Japanese imperialist expansion. The United States government launched an imperialist war for redivision of the world in 1898. It was a minor war against a weak rival, Spain. Yet the booty was impressive—outright ownership of the Philippines and Puerto Rico, informal ownership of Cuba, a sphere of influence embracing roughly the northern part of South America and all of Central America, strategic domination of the Caribbean and strong naval power in

the Pacific as bases for later expansion. The enhanced military power and strategic position of United States imperialism resulted in gains beyond the former Spanish colonies, extending to Latin American countries where British and French investments had been supreme.

The war against Spain was just the beginning. The subject peoples over whom the war was fought were not interested in having their British or Spanish exploiters replaced by Wall Street exploiters. In order to profit fully from their venture, the new masters engaged in wars of conquest or armed intervention against the peoples of the Philippines, Mexico, Cuba, Puerto Rico, Nicaragua, Panama, Haiti, Colombia, the Dominican Republic, Costa Rica, Honduras, and China.

The consistent role of military power in achieving and maintaining Wall Street economic domination in the semicolonial countries was revealed in the testament of Major General Smedley D. Butler, who described his career as follows:

"I spent thirty-three years and four months in active service as a member of our country's most agile military force—the Marine Corps. I served in all commissioned ranks from second lieutenant to major-general. And during that period I spent most of my time being a high-class muscle man for Big Business, for Wall Street, and for the bankers. In short, I was a racketeer for capitalism. . . .

"Thus, I helped make Mexico and especially Tampico safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank to collect revenues in. . . . I helped purify Nicaragua for the international banking house of Brown Brothers in 1909-1912. I brought light to the Dominican Republic for American sugar interests in 1916. I helped make Honduras 'right' for American fruit companies in 1903. In China in 1927 I helped see to it that Standard Oil went its way unmolested."[6]

Started in war and repression, the American empire attained its most important growth in the same bloody way. Almost all of the subsequent gains of United States imperialism arose out of its role in two world wars, and out of its military actions and threats subsequent to World War II.

American expansion has not been achieved exclusively by military means. Economic pressures—equally ruthless, and poles apart from the myth of free competitive enterprise—have played an important part. These include: (1) credits to dependent coun-

tries and to countries devastated by war on conditions favorable to United States monopolies; (2) negotiation of trade agreements which prohibit the protection of the industries of weaker countries against destruction by more powerful United States monopolies; (3) use of embargoes and boycotts, and attacks on other countries' currencies; (4) economic favors and preferences to reactionary elements in other countries so that they will serve Wall Street interests; (5) negotiation of treaties which permit the unlimited acquisition of other people's resources by United States combines; (6) diplomatic intervention to wrest concessions on behalf of specific United States companies; (7) imposition of unwanted credits to give United States bankers a mortgage on the properties of economically weak countries; (8) installation of United States financial advisers and tax collectors to achieve control over the finances of weak countries.

Military and economic methods go hand in hand. The economic power of American imperialism provides the basis for its military might. At the same time, economic and diplomatic pressures are successful only when based on the threat or reality of military intervention. All means are combined in a general pattern of expansion, sometimes "peaceful," sometimes warlike, but always directed against the common people of victim countries.

The decisive monopolies and the government operate in the closest collaboration, and often interchangeably, in executing this program. Diplomatic and military personnel alternate between Wall Street directorships and Washington posts. Economic power is exercised sometimes through government agencies, sometimes directly by private financial syndicates. Military power is exercised usually through the government, but sometimes by direct action of especially large corporations which organize puppet governments and armed forces in countries they dominate.

With its aim expansion and its methods those of military and economic aggression, the politics of United States imperialism are necessarily reactionary. United States imperialism, as well as any other, is properly described by Lenin's characterization:

"Imperialism is the epoch of finance capital and of monopolies, which introduce everywhere the striving for domination, not for freedom. The result of these tendencies is reaction all along the line, whatever the political system, and an extreme intensification of existing antagonisms in this domain also. Particularly acute becomes the yoke

of national oppression and the striving for annexations, *i.e.* the violation of national independence."[7]

The strategy of United States imperialism is designed to achieve its ends at a minimum cost, by utilizing allies and buying off enemies. It directs its blows mainly against the working people and their national liberation movements in the colonial and semicolonial countries. It allies itself with the most reactionary classes in these countries, usually the feudal landowning class. It allies itself with rival imperialist powers. Most persistent has been the Anglo-American alliance, which operated during the Spanish-American War, during the two World Wars, and in the period after World War II. It attempts at all costs to neutralize and obtain the acquiescence of the American working class, the ultimate enemy of United States finance capital. It never hesitates to turn the full weight of its power against those American workers and people's organizations which threaten to interfere with the expansionist plans of Wall Street, as in the period after World War I and after World War II.

COLONIAL AND SEMICOLONIAL FORMS OF RULE

Wall Street apologists claim that the United States is not an imperialistic power because it does not maintain a large colonial empire, such as the British Empire.

This is an attempt to confuse form with substance. The *substance* of imperialism is military, political, and economic domination of subject nations. The *forms* of domination include incorporation into the home territory of the conqueror, establishment of colonies, and establishment in the subject country of nominally independent governments actually controlled by the imperialist power. This last is the semicolonial form of rule.

There are all sorts of transitional forms between colonies and semicolonies—*e.g.* mandates, trusteeships, and dominions. Even the formal difference between colonies and semicolonies is not always great. Thus the British in their colonies make use of native collaborators in government rule (puppet armies, native chiefs and princes, local assemblies), just as United States imperialism does in its semicolonies. Nor is the colonial form always more repressive, more exploitative, than the semicolonial form. Thus the political, economic, and social status of the inhabitants of the British West Indian *colonies* is certainly no worse than those of the Caribbean and Central American *semicolonies* of United States imperialism.

Where convenient and possible, United States imperialism acquired and held onto colonies as ruthlessly as any European power—*e.g.* Puerto Rico, Hawaii, the Virgin Islands, Alaska, various Pacific Islands, and until recently the Philippines. Following World War II, the *colonial* portion of the American empire was reduced by the granting of "independence" to the Philippines, but expanded actually by annexation of various Pacific islands and potentially by the indefinite maintenance of military and civil occupation authorities in control of Western Germany and Japan.

But in most areas American imperialism did not use colonial forms because the form of a nominally independent semicolony proved more flexible and gave United States imperialism advantages over its European rivals, in the concrete conditions of American expansion. What were these conditions?

Most of the European colonies were established in Africa and Asia, in places where fully developed nations did not exist, but merely a multiplicity of tribes and principalities. Most of the United States dependencies were established in Latin America, where independent nations already existed or were in process of formation. This made it more difficult to establish direct colonial rule, as the American generals discovered in the Philippines.

The European colonies were largely established during the nineteenth century. By the twentieth century the national consciousness of the colonial peoples was more developed, and the national liberation movement much stronger. Thus United States imperialist expansion took place at a time when disguised forms of rule became more and more necessary in all parts of the world for the maintenance of imperialist domination.

Finally the Wall Street expansionists had to reckon with the democratic traditions of the people of the United States, who themselves had won freedom from colonial status in a revolutionary war. Also during the final decades of the nineteenth century the farmers and urban middle class were resisting the domestic encroachments of the Wall Street monopolies. These currents merged in a political opposition to the most obvious forms of imperialist expansion, embracing the Anti-Imperialist League, the People's (Populist) Party, and all of the outstanding intellectuals of the country, such as Mark Twain. These forces almost brought about the defeat of the legislation in Congress for annexation of the Philippines, and

rendered some assistance to the Philippine people fighting against the occupation troops. By using new forms of colonial rule, United States imperialism weakened the resistance of the American people to foreign adventures. It tries to sell the public the idea that this country seeks no colonial annexations, but only to advance the welfare of the people in countries under its domination.

Wall Street has made especial use of its fictional anticolonialism since World War II. It seeks to expand everywhere behind this disguise. Washington tries to turn to its advantage the national liberation movement in all southeast Asia, as it did that in the Spanish colonies fifty years ago.

From 1945 to 1950 the main method consisted of financing and arming Dutch, French, and British imperialists for the suppression of the national liberation movements in the colonies, while maneuvering for the creation of puppet "independent" governments, which would permit the ousting of European imperialist interests in favor of the United States. Similar methods have been used in Europe, now an immediate object of Wall Street appetites.

By 1950 these tactics were becoming more difficult to apply. The people of the countries concerned are not fooled by the noncolonial disguise. In Asia especially they have improved their organization and fighting capacity, and carry the national liberation struggle for land, for enough to eat, and for genuine national independence to the point where puppet regimes and armies are no longer able to cope with them, and are revealed to the world in their full bankruptcy and corruption. The new phase inaugurated in Korea was the primary use of United States armed forces, aided by European imperialist forces, as the main instrument for trying to establish and perpetuate imperialist domination.

THE PHILIPPINES

The Philippines are held forth to the American people as the prize example of United States "benevolent" rule, which supposedly granted independence to the colony when its inhabitants were "ready" for self-government, raised their living and cultural standards, etc. Actually, the Philippines provide an ignoble example of imperialist exploitation, using both colonial and semicolonial forms, combining brutal military repression with stringent economic regulation in the interests of Wall Street.

At the end of the nineteenth century the weakened Spanish monarchy could no longer hold its remaining colonies in Latin America and the Far East. In all of these countries there was a crescendo of national liberation uprisings, which culminated in considerable concessions to the people in Puerto Rico and in revolutionary armed forces which were actually in the process of ejecting the Spanish colonizers from Cuba and the Philippines. The people of Cuba and the Philippines organized new republics, as the Americans had done 120 years earlier while liberating their country from the British colonizers. By the time United States troops landed in the Philippines, the Spaniards were limited to Manila and a few fortified cities. By mid-1899, all of the Philippines were liberated except for Manila, then in United States hands.

While President McKinley promised liberation to the people of the Philippines, his army and navy were mobilized to snatch from them the liberation they had won. While United States diplomats promised independence to Filipino leaders, Washington prepared for the annexation of the country. United States imperialists and their Spanish "enemies" collaborated in this betrayal. As soon as United States soldiers came on the scene, the Spanish garrison surrendered Manila without fighting, *to save it from the Philippine people.* The Spanish governor general was kept in office for six months, and Spanish and United States troops fought side by side against the Filipinos. In return for all these services, Spanish landowners were permitted to maintain their holdings in the Philippines, and the Spanish king was paid $20 million under the peace treaty.

It took the United States troops three and one-half years of bitter and costly fighting to occupy the major points on the islands. Virtually the entire population co-operated with the resistance forces. In 1902 hostilities were officially declared ended, but resolute and widespread resistance continued for another four years, and on the island of Mindanao until 1913.*

As for the civilizing mission of the new conquerors, its true character was that urged by the Republican newspaper, the *Argonaut* of San Francisco, in January 1899:

*The above summary of the liberation and reconquest of the Philippines is amply documented in a book by the former governor general of the Philippines, W. Cameron Forbes, *The Philippine Islands,* Vol. I, Boston, 1928.

"In pursuance of our imperialistic plans, it would be well to hire some of the insurgent lieutenants to betray Aguinaldo and other chieftains into our clutches . . . the rack, the thumbscrew, the trial by fire, the trial by molten lead, boiling insurgents alive . . . these are some of the methods that would impress the Malay mind."[8]

The favorite torture introduced by General Arthur MacArthur (father of Douglas) when he became military governor in 1900 was the "water cure." Villages and towns were completely destroyed by the invaders when their populations refused to "co-operate." It is estimated that at least one-sixth of the population of Luzon was exterminated.[9]

Much is made of the supposed education of the Filipino people under United States rule. The Spanish invaders had tried for five centuries to suppress the highly developed culture of this people, who had been almost 100 per cent literate before the Spaniards came.[10] One of the first acts of the Filipinos on liberating the islands from the Spaniards was to open up schools in their national languages. The United States invaders merely turned these schools to their own ends, substituting the English language, making propaganda in favor of the colonial system, and attempting to undermine the Philippine national consciousness.[11] Virtually none of the children of the farm laborers and peasants were able to attend these schools, since they had to toil in the fields for the landlords. The upshot was that during the entire period of United States rule, the illiteracy rate remained unchanged at about 50 per cent.[12]

What about the living conditions of the people? To the landlord rule restored by United States imperialism was added the exploitation by Wall Street banks and mineral and agricultural enterprises. The agricultural banking system was placed under United States domination, and the International Banking Corporation (National City Bank subsidiary) took over much of the business previously handled by British banks.[13] The Filipino people were forced to pay taxes for the civilian administration of the colonial power, much of the cost of their own "pacification," and interest on bonds floated in the name of the Philippine government through the Wall Street banking houses.

Through the enforcement of free trade between the Philippines and the United States, American monopolies obtained virtual control of Philippine foreign trade, raised the cost of living on the

islands, and prevented the development of any significant national industry. The Philippines became a source of sugar, copra, hemp, gold, and chromium for the United States. The Philippine Islands constitute one of the most fertile countries in the world, capable of feeding a population of over 80 million. But under United States rule so much land was diverted from food to export crops that it became a food deficit country, dependent on importation for the staple food, rice.[14] Ample deposits of iron ore, coal, and other industrial materials provide the basis for a rounded industry.[15] But under United States domination no basic industry has developed.

In short, the Filipinos are afflicted with a typical colonial economy, no less thorough than the British colonial economy in Malaya, and more effective than the prewar British colonial economy in India, which failed to prevent the development of a limited basic industry owned by Indians.

To be sure, a few wealthy Filipino and Spanish landlords and puppet officials, and their retainers, prospered under United States rule. But the majority of the people gained nothing. A report of the Foreign Policy Association states of the Philippines:

"During the period of United States rule from 1900 to 1946 it is doubtful whether the living standards of the tenants and agricultural laborers (the overwhelming bulk of the population) registered any marked improvement over the miserable condition of the nineteenth century Spanish rule."[16]

As for the training of the Philippines for self-government, this took the form of building a corps of politically active landlords and comprador capitalists,* and a small body of puppet troops that could be relied on to carry out the orders of the occupationists—a practice carried forward by the Japanese invaders in 1941-44 and resumed by General Douglas MacArthur thereafter.

Philippine "independence" was promised by the Tydings-McDuffie Act of 1936. What were the factors that led to this action?

In the first place, all attempts to suppress the Philippine people, to "Americanize" them, failed. Resistance increased after the first World War, and especially after the outbreak of the economic crisis in the 1930's. There were major armed uprisings in 1923-24,

* Native capitalists who operate sales agencies or other enterprises of foreign capitalists.

1931, and 1935. All were ruthlessly suppressed, but the national liberation movement gathered strength, fortified by the increased role of organized workers under Communist leadership. The only hope of avoiding ever more costly military intervention, the only hope of maintaining the Philippines as a stable military base for the operations of United States imperialism in Asia, was to split the national liberation movement through granting formal independence.

Secondly, United States dairy and sugar interests objected to the advantage in the United States market which accrued to those capitalists controlling Philippine coconut oil and sugar, owing to the lack of tariffs and the extremely low wages in the Philippines.

The Tydings-McDuffie Act provided "independence" on the following terms: retention of United States military bases, retention of all United States private property rights, honoring of all debts to United States bankers, adoption by the Philippines of a constitution satisfactory to Washington, and ending of the duty-free status of Philippine goods in the United States markets.

It was so clear that this represented not a liberation of the Philippines, but merely a change in the form of rule, that Professor J. R. Hayden, one-time vice-governor of the Philippines, wrote:

"The Tydings-McDuffie Act provides for the separation of the United States from the Philippines under conditions which would make probable the early ruin of one country and, consequently, the dishonor of the other."[17]

Before "independence" was actually granted, the terms were made still more onerous by the Philippine Trade Act (Bell Act). So brazen is this legislation that it was opposed by such conservative State Department officials as William D. Clayton (Anderson, Clayton and Co.) and Leroy Stinebower.

An American economic specialist on the Philippines, Shirley Jenkins, wrote:

"Special privileges for Americans in the Islands, and the dollar-peso tie, will insure that new capital and industrial controls will be American . . . the Philippine Trade Act . . . has given to the United States all the advantages of possessing a colonial dependency, both economic and military, without responsibilities for administration or domestic welfare."[18]

To try to enforce this unpalatable law, the United States mil-

itarists insisted on the permanent retention of 23 bases, with a larger military force than before "independence."

The false independence of the Bell Act threw the Philippines into a severe economic and financial crisis, and further reduced the living standards of the majority of the population.

The people of the Philippines have never accepted false "independence" formulas. The Hukbalahaps, the armed force created during World War II by the Filipino resistance to Japanese occupation, first effected liberation of the Islands, and later became a powerful instrument against the reimposition of United States imperialist control. They combined this struggle with the fight against landlordism, seizing the land and distributing it to the peasants. For five years attempts by Filipino puppet forces to defeat this popular revolution have been a complete failure. By 1950 it was stronger than ever.

United States imperialists have been disturbed about this Far Eastern colony. *Life* magazine, expressing the viewpoint of important circles of finance capital, urged direct use of United States troops to try to suppress the Filipino liberation movement.[19] And two months later President Truman made it clear at the time of the intervention in Korea that United States armed forces were prepared to intervene in the Philippines as well.

This would be intervention on behalf of: the Philippine-American Chamber of Commerce, meeting in New York and including representatives of such firms as Standard-Vacuum Oil, National City Bank, Goodyear Tire, Tubbs Cordage (manila hemp), Insular Lumber—the monopolies which control Philippine finance, commerce, agriculture, and forestry; of General Douglas MacArthur, owner of large Philippine lands seized by his father when fighting the Philippine people fifty years ago, in addition to the San Miguel Brewery in Manila; of Judge Hausserman, who dominates the Philippine mining industry; of the landlords and Roman Catholic hierarchy, virtually unchanged from the days of Spanish rule, and still the principal base of support for imperialism.

It would be intervention against: the Philippine workers, the farm laborers and peasants, virtually all intellectuals and middle class groups; a large proportion of the small Philippine commercial and industrial capitalists struggling to build a national industry.

It would be intervention against the traditions of Bishop Aglipay, a leader in the fight against Spanish rule in the 1890's, against United States rule for the following forty years, and finally against the Japanese imperialists in World War II, during which he died.

This is the ugly reality for which President Truman threatens to extend the scope of warfare, all in the name of "defending free people" against "Communist imperialism."

Here the Philippines were examined as an example. Cuba or Puerto Rico could serve the same purpose. The details differ, but the same general factors prevail—brutal suppression of the people, diversion of their economy to export crops, the taking over of economic life by United States corporations, brutal poverty and exploitation of the working people, retention of military bases.

These facts are important, because even United States liberal "critics" of imperialism tend to concentrate their criticism against other imperialisms, while beautifying United States imperialism. For example, Parker T. Moon, in his standard book, *Imperialism and World Politics,* describes in gory detail the rape of Africa by the European imperialists and ruthlessly characterizes the British colonization of India. But when it comes to the Philippines and other American colonies and semicolonies, he slurs over the same characteristics, minimizes the exploitation of the people, and emphasizes the "benevolent" aspects of United States rule—for the most part complete inventions of the rulers for propaganda purposes. Moon finds that "the lot of Cuba has been incalculably preferable to that of Persia, Korea, or the Congo."[20]

The irony of this remark, written 24 years ago, is quite apparent today, when United States imperialism has become influential in both Persia and the Congo, with no improvement in the lot of the people; when it has brought to Korea more suffering, death, and destruction than Japanese imperialism ever imposed.

WHY AMERICAN IMPERIALISM BECAME THE MOST POWERFUL

The motives and fundamental methods of United States imperialist expansion are no different from those of other imperialist powers. But United States imperialism has been more successful than its rivals. Spokesmen for finance capital ascribe this success to mystical and chauvinistic reasons. For example, "the American way of life," "American know-how," "the free enterprise system" are

supposedly different from and superior to capitalism elsewhere. All this is nothing more than the old British colonial hokum about the "white man's burden" brought up to date.

What are the real reasons?

United States imperialism had special advantages in two world wars. Thanks to its geographical position and remoteness from any other important power, it did not suffer damage or invasion. It was able to enter the wars after the other participants had fought to exhaustion, gaining thereby in relative military as well as economic strength. The tremendous demand for armaments by other powers as well as by the United States military created a huge market which provided the basis for most of the expansion in American industry since 1914. The imperialist powers of Europe suffered severe wartime physical destruction of capital and labor power, which the United States escaped. The enrichment of United States capitalists and the impoverishment of most other countries by war has been the most important single factor in the rise of American economic, financial, and military power.

United States imperialism was also aided by the course of its internal development. Capitalism in this country had at its disposal a very large home territory, rich in raw materials, and a constant source of additional labor through immigration and through drawing former Negro slaves into capitalist production. After the Civil War capitalism was relatively unhampered by remnants of feudalism. Out of these circumstances arose a large petty bourgeoisie which provided a geographically unified mass market. The scale of the market permitted development of mass production methods on a scale never possible in the smaller states of Europe.

United States capitalism flourished at a later date than most of its rivals, and thereby inherited all that had been learned in a century of previous European experience. Industries could commence operations at a higher technical level and were able to outproduce British and French industries, where the protection of existing capital prevented adequate introduction of improved methods. Millions of the most skilled European workers who fled oppression at home found little freedom in the New World, but provided American capitalists with a powerful productive force.

United States imperialism entered the scramble for world con-

quest at a later date than most of its rivals. This also was turned into a source of extra profits. Initially, the Wall Street trusts did not spread their holdings in all parts of the world, but concentrated their expansion in the western hemisphere, in the area of absolute United States military supremacy where it was difficult for British, French, or German imperialists to engage in military conflict over the loot. United States capitalists were able to choose for attack first the weakest European power, the Spanish monarchy, and then gradually to whittle away at the British and French positions in Canada and Latin America.

Further, United States finance capital was able to set up abroad enterprises of the new and rising industries, which provided the largest profits and bases for future expansion. Little capital was tied up in enterprises such as foreign railroads, which became less and less profitable as competing forms of transportation developed.

Again, as already noted, United States imperialism was able to adopt more flexible and more easily concealed forms of domination over its areas of control, methods more suitable to the epoch of imperialism and of national liberation struggles. These methods were less costly, and served to retard somewhat the development of the movement for genuine independence in Latin America.

All of these advantages taken together account for the rise of United States imperialism. Other powers had one or more of these advantages, but not the entire combination.

Because of these advantages, United States imperialism has continued to expand while all other imperialist powers have been weakened or destroyed. At the same time, there were marked shifts in the relative positions of other imperialist powers.

The course of iron and steel production gives a rough idea of the shifts in the industrial basis of imperialist power. Between 1899 and 1913 steel production in the United States and Germany increased threefold, while British steel production increased by little more than 50 per cent, and British iron production declined. The former industrial leader of the world fell far behind its rivals. By 1913 the United States was easily the leading industrial power, with about 40 per cent of the world's steel production. Germany was in second place, with more steel production than Britain, France, and tsarist Russia put together.[21]

The shifts in industrial power were not matched by shifts in

world power, in empire. Although British and French economic power suffered a severe relative decline, the British and French empires, and the world holdings of the British and French trusts, remained predominant, many times larger than the world holdings of the industrially stronger German and American centers of finance capital.

This contradiction between industrial strength and world empire exploded in World War I, an attempt at forcible redivision of the world. The alliance of United States imperialism with that of Britain and France decided the issue: German imperialism was defeated. The Wall Street trusts, as the strongest in the victorious alliance, reaped the biggest gains.

Wartime armament orders and subsequent increases in foreign investments provided the markets for further American industrial gains. Between 1913 and 1929 steel production in the United States increased by 80 per cent, while German production (affected by losses in territory) declined, and the small increase in British steel production was offset by declines in production of iron and coal. By 1929 United States steel production amounted to almost half that of the entire capitalist world.[22]

The next decade was that of the great economic crisis and the period of chronic depression which followed it. This breakdown in capitalist world economy affected the United States most severely. The German and Japanese imperialists overcame their market difficulties by war preparations and aggression against weak countries. By 1939 German iron production exceeded, and steel production nearly equaled the combined production of France and England.[23] The west European industrial power relations of 1913 were approximately reproduced, but the disparity of empire and world holdings was even more marked.

Germany and Japan launched the second imperialist war for redivision of the world. As previously noted, United States imperialism, its home territory again protected from damage by two oceans, used the war to expand its industrial and military might and its world empire. By 1949, the United States accounted for more than 60 per cent of steel production in the capitalist world.[24] American bankers owned 73 per cent of the gold reserves of the capitalist world.[25] Wall Street, which became the leading financial center as a result of World War I, emerged from World War II

the decisive holder of the purse strings, with the London bankers not only subordinate, but themselves dependent on New York. The military power of the United States increased many times, and after World War II was overwhelmingly superior to the combined military power of all other capitalist countries.

An important measure of the world position of various imperialist powers is the value of foreign investments held by the corporations of these countries. The following table shows the approximate valuation of foreign investments held by the private capitalists of four leading imperialist powers at various times.

PRIVATE FOREIGN INVESTMENTS[26]

(billions of dollars)

	1900	*1913*	*1930*	*1949*
United States	½	3	17	19
United Kingdom	12	17	19	12
France	6	12	7	2
Germany	2½	9	1	—
Total	21	41	44	33

From 1900 to 1913, German and American foreign investments increased more rapidly than British and French, but remained far below the relative economic power of these countries. As a result of the first World War, German foreign investments were virtually eliminated, and French investments reduced. British investments increased slightly. Foreign investments of United States imperialism increased six times. By 1930 the American financial empire was almost as large as that of the British.

During the 1930's the foreign investments of a number of countries, especially the United States and France, declined under the impact of the world economic crisis; while German and Japanese investments increased as these aggressive imperialist centers brought more and more of Europe and Asia under their domination. The second World War, however, resulted in a decline in the foreign investment position of all imperialist powers except the United States, and the complete elimination of the imperialist positions of Germany, Japan, and Italy.

Only United States imperialism gained. *By the end of 1949 United States private foreign investments exceeded the combined*

total of all other imperialist powers. In addition to the $19 billion of United States private foreign investments, the United States government held $14 billion of foreign investments. These are government loans to dependent capitalist governments which are unlikely to pay much interest or principal on them. They are political loans rather than direct profit-yielding investments. But they enhance the position of United States finance capital in the debtor countries, and yield enormous profits indirectly, by providing markets for surplus goods and by increasing the profits of private American investors in the borrowing countries.

CAPITALIST DECAY AND SOCIALIST ADVANCE

The above discussion has centered around the rise of United States imperialism at the expense of its competitors. Of more fundamental historical importance has been the general decline of capitalism as a whole, the confirmation of Lenin's thesis that imperialism is the *final* stage of capitalism, that of *moribund* capitalism. Imperialism is the final stage of capitalism because, having absorbed everything, the giant monopolies can go no further except at one another's expense; because the massive social organization of production and world trade under imperialism has completed the ripening of the conditions for the higher form of society, socialism.

The Russian Revolution of 1917 broke the solidity of the imperialist world system, and made possible the actual birth of the new system of socialism. This event and World War I signalized the general crisis of capitalism—an economic and political sickness of the system which can end only in its demise.

Milestones in the decay and more acute crisis of the imperialist system as a whole have been: (1) the great economic crisis of the 1930's, affecting the entire capitalist world with catastrophic force; (2) the use by various imperialist powers of fascism, the most reactionary, barbaric form of political rule; and the suppression of the great cultural achievements of humanity, swamped by a flood of antisocial and degrading "literature," motion pictures, etc.; (3) the launching of the second World War by the fascist imperialist states, a war which surpassed the first by far in savagery and destruction; (4) the victory of the Soviet Union and the defeat of the fascist imperialist powers in that war, and the subsequent breaking away of

countries with 600 million people, who destroyed imperialist rule in their land and joined the 200 million Soviet people in the world of socialist construction; (5) the manifold growth of the anti-imperialist movement in the colonies and semicolonies, particularly in Asia.

These developments have enormously magnified the difficulties of imperialism as a system. This is illustrated by the table on foreign capital investments shown on page 27. The value of private foreign investments of the four leading centers of finance capital increased by $20 billion between 1900 and 1913; by only $3 billion in the next seventeen years, and then declined by $11 billion between 1930 and 1949. Needing larger foreign empires than ever, needing larger outlets for capital that cannot be productively used by capitalist society in the home countries, finance capital is left with a smaller system of empires, smaller outlets for capital, smaller sources of super-profits. Since World War I, imperialist world economy has suffered increasingly from strangulation produced by its own contradictions and relieved only by the stimulus of war orders.

During this period the contrasting development of socialist and capitalist economy has been of growing importance, eventually overshadowing the shifts among the imperialist powers. Soviet industry was partly ruined and brought to a virtual halt by four years of intervention and civil war in 1918-21. By the late 1920's production was fully restored, and thereafter during the period of the Five-Year Plans it increased very rapidly without any interruptions, unlike crises in the capitalist countries. Although half of the U.S.S.R.'s industrial capacity was destroyed or badly damaged by the Nazi invaders during World War II, the 1940 production level was regained by the end of 1947, and industry expanded to new high levels in succeeding years. By 1950 industrial production in the U.S.S.R. was 70 per cent higher than in 1940.

The rapid peacetime gains of the Soviet economy were accompanied by decline and stagnation in capitalist production, except in time of war. The following index numbers show the development of iron and steel production in the capitalist and socialist sectors of the world (including the U.S.S.R., Poland, Czechoslovakia, Hungary, Romania, Bulgaria, Albania, Eastern Germany, and China in the socialist world in 1949).

IRON AND STEEL PRODUCTION[27]

(index numbers, 1929=100)

	Iron		*Steel*	
Year	*Capitalist world*	*Socialist world*	*Capitalist world*	*Socialist world*
1899	42	—	24	—
1913	83	—	66	—
1929	100	100	100	100
1932	35	143	39	118
1939	91	357	103	378
1943	114	138*	130	200*
1949	89	490* (405)†	111	582* (443)†

* Estimated.

† Figures in parentheses are indexes for U.S.S.R. alone.

The rate of increase in Soviet iron production during the 1930's was twice the rate of increase in United States iron production during the 1880's and 1890's, the comparable period of American industrial growth.[28] The superiority of the socialist system over the capitalist system, in speed and stability of growth, was already manifest. This provided an example to the people of the world suffering from the great depression of the 1930's. The imperialists tried to patch up their quarrels in order to join forces for an assault on the U.S.S.R. and to wipe out this example. But the conflicts among the imperialists were still sufficient to forestall such a united attack. The British, French, and American imperialists did not devote their main efforts to preventing an attack on themselves by their German and Japanese rivals, but to encouraging the German and Japanese imperialists to attack the Soviet Union. The German imperialists did not devote their main efforts to defeating British and American imperialism, but to bringing to bear all of the resources of conquered continental Europe in the attempt to destroy the world of socialism.

The U.S.S.R. carried the main burden of defeating this unprecedented aggressive force, proving the superiority of socialist society over capitalism in durability, morale, and military prowess. Furthermore, great areas of the world broke away from the imperialist orbit during and after the war, until, by the end of 1949, about one-third of the world's people had anti-imperialist governments, and tens of millions more were engaged in armed anti-imperialist struggles.

By 1949 not only was the wartime destruction of industry in the

U.S.S.R. made up, but the annual increase in production was considerably faster than before World War II. Particularly notable was the more than fourfold increase in production of metallurgical equipment between 1940 and 1949, with corresponding increases in output of other key types of instruments of production.[29] By 1949-50, production of steel in the U.S.S.R. was increasing at the rate of four to five million tons per year, more than three times the average annual rate of growth of steel production in the United States during the half century of imperialism. In addition, the Soviet Union supplied vast quantities of equipment to the People's Democracies. Thus, the U.S.S.R. agreed to supply Poland alone with enough metallurgical equipment to raise its annual steel capacity by two million tons,[30] more than the annual steel production of all Latin America after a half century of United States and other imperialist domination.

In 1921 steel production in the U.S.S.R. was less than one per cent of steel production in the United States. In 1929 steel production in the U.S.S.R. was one-eleventh of steel production in the United States. In 1949 steel production in the U.S.S.R. was one-third of steel production in the United States and 50 per cent more than production in England, the next largest producer.[31]

THE UNITED STATES AND THE SYSTEM OF MORIBUND IMPERIALISM

The factors of imperialist decay are expressed most sharply in the United States, the most powerful imperialist country. If United States foreign investments have grown since 1930, the productive plant and especially the profits of the huge monopolies have grown even faster. The more than $30 billion per year of corporation profits before taxes, the total of more than $60 billion per year of property income of all kinds, create a tremendous expansive force. At the same time the domestic civilian market, swollen by its growth during World War II, is no longer expanding, but tending to shrink. The pressure of surplus capital for export is *incomparably greater* than that of which Hobson and Senator Beveridge spoke fifty years ago.

Far from being satisfied with its immense holdings, American finance capital attempts to swallow up the remaining holdings of its rivals, including those in their home countries, and to bring back to imperialist domination lands already freed. Thus United States

imperialism enters the last half of the twentieth century as the strongest, most expansionist, *and most aggressive*, imperialist power in all history. Its attempts to expand and its aggression are aimed at all countries in the world without exception. Its huge fleet and ever-expanding army, air force, and stockpiles of atomic bombs are directed against capitalist Europe, colonial and semicolonial Asia, Africa, and Latin America. It hastens to conquer and unite under its control the entire capitalist world with the perspective of a new and more violent assault against the socialist world, which it fears to meet in peaceful competition.

Following this course, United States imperialism takes on all the conflicts, all the elements of decay, in the world system of imperialism. It faces conflicts with the American people, whose sufferings from imperialism become more apparent daily as the mobilization for a third world war develops. It faces continued conflicts with its imperialist rivals over the division of a shrunken capitalist world. It takes on the resistance of the people throughout the world who are fighting against imperialism, in larger numbers and with better organization than ever before. In particular, hundreds of millions of people in the colonies and semicolonies are fighting for national liberation, threatening to end the basis of semi-slave labor and cheap raw materials on which the entire parasitic structure of the international monopolies has been built.

The other imperialist powers lack the strength to stem the tide. United States imperialism tries to stop the process of disintegration, to resuscitate the world system of imperialism and to patch up its weakest links. As the Chinese leader Mao Tse-tung said: "The American reactionary has a heavy burden. He must sustain the reactionaries of the entire world. And if he cannot sustain them, the house will fall down. It is a house with a single pillar."

II. WALL STREET'S EMPIRE

The committee rooms of Congress in Washington are occupied with frequent hearings concerning monopolies and the problems of small businessmen. The upshot of these hearings is always the same. The august senators and representatives submit reports saying that monopolies are bigger than ever, that small businessmen are ruined, that the government treasury and the general public are looted by monopolies. They then cluck their tongues and go back to the normal routine of passing legislation ordered by these same monopolies.

But by and large the hearings steer clear of the most dangerous activities of the great trusts, their international maneuvers. While a number of congressmen vote against the monopolies on some domestic issues, few dare to buck them on their foreign interests, which are draped with an American flag. The senator who on Monday castigates the giant trusts, on Tuesday casts his vote for their world empires under the caption "international aid" or "national defense."

Actually, there is no issue in the field of "foreign affairs" or "military policy" which does not hinge on the very specific and the very greedy interests of some or all of the billion-dollar corporations. In all parts of the world, from Chile to Guatemala, from Greece to Germany, from Korea to Liberia, where the American government intrudes militarily and diplomatically in the name of "freedom" and "anti-Communism"—the real objective is copper or fruit, oil or heavy industry, gold or rubber.

Naïve Americans who think that "we" do not have a large colonial empire, overlook the fact that "our" corporations have the largest financial empires in all history, and that the aim of government policy is to maintain and extend political domination—*e.g.* political empire—so as to guarantee and permit the expansion of these corporate empires.

If American industry is monopolized—and it is—the export of capital, the holding of foreign empires, is even more monopolized.

Only a few hundred corporations dominate the domestic economy. But of these, only a few score have the economic and political power to seize large foreign properties, to derive the special profits that go with holdings in low-wage colonies and foreign countries, to get rid of the competing British, German, and other imperialist trusts, and to manipulate the political life of entire countries as part of the method of economic control.

In 1943 one hundred corporations and their subsidiaries owned 70 per cent of all the assets of United States-controlled foreign enterprises.[1] But the international waters were too rough for most of these after World War II. In 1947 more than 75 per cent of the new direct capital exports were made by ten corporations![2]

The requirements of these ten trusts, and other corporations anxious to join them in large-scale foreign investments, account for the bulk of developments in American foreign policy since the end of World War II. It is, therefore, necessary to examine the world positions of the paramount United States combines, and their division of the industry and resources with similar combines whose headquarters are in London, Amsterdam, Paris, etc.

The division of the world among the great trusts is most clear-cut in the basic industrial materials, oil and metals. These products are extracted (and sometimes refined or otherwise treated) in colonies and semicolonies, brought back to the imperialist centers for fabrication, and then sold in various forms on world markets. Control by the imperialist corporations prevails at all stages of extraction, fabrication, and selling.

DIVISION OF THE WORLD AMONG THE OIL TRUSTS

The Standard Oil Company (N. J.) is the largest segment of the Rockefeller oil empire. This company produced or handled approximately one-fifth of all the oil produced in the capitalist world in 1948 and 1949. In its annual report for 1949 it stakes its claim in a map of the world showing the locations of its 14 oil-producing areas, 40 refineries, and many marketing areas. The green-shaded marketing areas represent places where 1,670,000,000 persons, 72 per cent of the world's population, reside. Excluding most of China and Northern Korea, which Standard of New Jersey still claims, the coverage is 1,262,000,000 people, or 80 per cent of the population in all capitalist-controlled countries.

Here is the share of Standard (N. J.) in the United States and in each continent (again limiting the comparison to capitalist-controlled areas):[8]

STANDARD OIL (N. J.) MARKETING AREAS, 1949

	Population (millions)		
	Standard (N.J.) areas	*All capitalist areas*	*Standard (N.J.) per cent of total*
North America	113	206	55%
of which:			
United States	74	144	52
South America	96	103	93
Europe	239	297	80
Asia	718	767	94
Oceania	12	12	100
Africa	84	188	45
World (capitalist)	1262	1573	80

Standard does not have *exclusive* rights to most of these areas. It shares them with one or several other trusts, usually on the basis of an agreed division of the market and agreed prices. The capitalist world is almost completely divided among seven oil trusts. Three of these are Rockefeller companies, one a Mellon company, one with various groups of United States finance capital represented, one British and one British-Dutch company with interlocking stock ownership.*

Some operations are carried out singly. For example, Standard Oil (N. J.) dominates petroleum production in Colombia through its subsidiary, Tropical Oil Co. Other operations are carried out by special companies merging the interests of two or more of the big seven. Thus the exclusive Arabian concession is held by the Arabian-American Oil Company, in which four of the United States combines share.† These four companies join with the Dutch-Shell group

*The seven combines are: Standard Oil (N. J.), Rockefeller; Dutch-Shell group, Dutch-British Capital; Anglo-Iranian Oil Co., British; Socony-Vacuum Oil Co., Rockefeller; Texas Co., Rockefeller, Morgan, and Chicago finance capital; Standard Oil (Calif.), Rockefeller and Chicago finance capital; Gulf Oil Co., Mellon.

†Standard Oil (Calif.), The Texas Co., Standard Oil (N. J.), and Socony-Vacuum Oil Company.

in a special company which has the concession for New Guinea. Gulf Oil and Anglo-Iranian combine in the Kuwait Oil Company. Refining and marketing are carried out by the same trusts in various combinations, although here the corporations more frequently act individually.

In 1939, these seven companies controlled 80 per cent of all oil production outside the United States, Mexico, and the Soviet Union.[4] Their share has increased since.

Division of markets and merging of interests by the giant combines are accompanied by the bitterest struggles among them for a larger share. Thus, just before World War I the Deutsche Bank and the D'Arcy interests (British) combined in the Mosul oil concession in the part of the Turkish Empire now called Iraq. But the fight between these two groups continued and Middle Eastern oil became an important objective in World War I. After that war, the Allies fought by diplomatic and economic means for the redivision of Iraq petroleum, which was finally shared out among British, Dutch, French, and American interests. Since World War II the British and American trusts, while maintaining and extending their collaboration elsewhere, have battled for control of markets and refineries in England and throughout the sterling area.

Both the British and the American oil trusts have increased their profits and properties during the past decade, aided by the increased use of oil for military purposes and the shift from coal to oil in industry. But the American trusts expanded more rapidly and markedly improved their position in relation to their British rivals. Aside from production within the United States, which for the most part does not enter into world markets, the share of the American trusts increased from 35 per cent in 1938 to 50 per cent in 1948, while the Anglo-Dutch share fell from 55 per cent in 1938 to 42 per cent over the same decade.[5]

The American oil companies invested billions abroad, far exceeding the capital exports of any other group of monopolies. They doubled their Venezuelan production, and increased their share of Middle Eastern oil production from less than ten per cent before World War II to almost 50 per cent in 1948. They have built or are building new refineries in England, the Netherlands, France, Germany, Italy, and Spain. They have bought up extensive refining and distributing facilities, formerly controlled by European and

Japanese capital, in France, Italy, the Middle East, and Japan. They have obtained important new oil concessions in former preserves of British and French capital in the Caribbean, Africa, and the East Indies.

Far from satiated, Wall Street aims to swallow the British oil trusts whole. Already the Morgans, hitherto relatively unimportant in the oil industry, have obtained an important influence in the Dutch-Shell group, second in size only to Standard Oil (N. J.). In order to stay in the race with the Rockefellers for world mastery of oil the Anglo-Dutch group needed more new capital than British and Dutch bankers could supply. As more and more areas of the world were made dependent on the dollar through the Marshall Plan and other programs, the British oil magnates found it necessary to settle in dollars for many of their operations.

To obtain capital and dollar exchange, the British financiers had to admit the Morgans. In 1948 the Dutch-Shell group floated a $250,000,000 credit through Morgan, Stanley and Co. to finance its western hemisphere expansion. All western hemisphere properties were mortgaged, and the controlling shares of Shell Oil Co., the United States subsidiary, were deposited as collateral.[6] In 1950, the Hon. Randal Hugh Vivian Smith, joint managing director of Morgan Grenfell, Morgan's London subsidiary, was elected to the board of directors of the Shell Transport and Trading group, the British part of Dutch-Shell, after Morgan Grenfell had floated a 30,000,000 pound sterling stock issue for Shell.[7]

What tendencies are illustrated by the operations of the oil combines? First, intensified exploitation of the colonial and semi-colonial countries by finance capital. Second, the conflicts between British and American capital, and at the same time the merging of British and American interests in Anglo-American imperialism. Third, the growing subordination of British to American capital to the point where the British (and Dutch, and French, and other European) capitalists are willing to shift their allegiance from the City* and European banking centers to Wall Street.

INTERNATIONAL METALS COMBINES

The copper of the capitalist world is mainly divided among three United States corporations and several British and Belgian

*London's financial district.

groups. The American big three, Anaconda, Kennecott, and Phelps Dodge, control three-fourths of the copper reserves in the United States, and one-third of the copper in the capitalist world outside of the United States.

A report of the Federal Trade Commission charts the interrelationships among the copper trusts, and between the copper trusts and the major financial houses.[8] It describes these relationships in detail for six men who "directly or indirectly, are in position to dictate the production and price policies of the world output of primary copper."

These six and their main connections are: Cornelius F. Kelley, Anaconda Copper; E. T. Stannard, Kennecott Copper (died 1949); Fred Searls, Jr., mining and petroleum expert for J. P. Morgan and Co., vice-president, Newmont Mining Co.; A. Chester Beatty, controlling figure in Rhodesian copper mines; Robert C. Stanley, International Nickel; and Louis S. Cates, Phelps Dodge Corporation.

These men operate through a complex system of holding companies, operating companies, banking ties, and interlocking directorates. They compete for relative position, but meet and act together to express the community of interest of international finance capital in the maximum and continued exploitation of the workers who produce copper, and in the elimination of all outsiders who would share in that exploitation.

Of the six key men named, five are American, one British (A. Chester Beatty). This reflects Wall Street's preponderance in the international copper combines. While the Rockefellers dominate oil, the House of Morgan dominates the copper industry. As of 1945 J. P. Morgan and Company and allied banks held sixteen directorships in the leading copper companies, compared with seven for the Rockefeller group's Chase National Bank.

The career of Fred Searls, Jr., one of the six men listed above, illustrates the merging of government with the leading centers of finance capital. During World War II he occupied several key posts of interest to the Morgans. One of these was production adviser to James F. Byrnes, then director of the Office of War Mobilization. During 1946, when Mr. Byrnes was Secretary of State, Southwest African leaders demanded of the United Nations assistance in their struggle for release from the racist South African colonizers. The

United States delegates in the U.N. sabotaged effective action. The South African government rewarded the Anglo-American imperialists by turning over to them the rich Tsumeb copper mines of Southwest Africa, a former German enterprise confiscated during World War II. Morgan and Searls's Newmont Mining Co. received a two-thirds share. With a one-million-dollar cash investment, the new British and American owners cleared nine million dollars in three years. In 1947 Mr. Byrnes left the job of Secretary of State and soon thereafter was made a director of the Newmont Mining Co.

The organization of the world nickel monopoly is as simple as the copper monopoly is complex. One corporation, the International Nickel Co., produces five-sixths of the capitalist world's nickel. The various American, British, and Canadian groups, instead of organizing separate corporations, balance their power in shareholdings and directorships in this single corporation. Here also the United States interests predominate. Americans at the end of 1949 held the chairmanship, the presidency, and seven out of nine memberships on the executive committee of International Nickel. John Foster Dulles, a key figure in United States foreign policy since the end of World War II, is a director and member of the executive committee of International Nickel, and head of the law firm of Sullivan and Cromwell which acts as counsel for that company.

Aluminum is dominated by a single finance capitalist group, the Mellons. This family's Aluminum Corp. of America (Alcoa) controls the lion's share of the world's aluminum production, through its majority position in the United States, its 100 per cent predominance in Canada, its control of Norwegian and Italian companies, its ownership of bauxite deposits in British and Dutch Guiana, Yugoslavia, and France. Alcoa expanded enormously during World War II when military airplane manufacture absorbed record quantities of aluminum. At the same time its main world rival, the German aluminum trust, was temporarily eliminated. So it was no tragedy to Alcoa that an administration in Washington with closer ties to other groups of finance capital than to the Mellons made it possible for two new companies, Kaiser and Reynolds, to enter the field of aluminum production in the United States. Despite this, Alcoa's production increased threefold between 1939 and 1948, and its share of the capitalist world's total production increased from 40 per cent

to 65 per cent. With the two new companies, American finance capital controlled about 85 per cent of the total primary aluminum production of the capitalist world.

Of the important industrial raw materials, the share of United States corporations is small only in the case of rubber. Despite substantial holdings by the United States Rubber Co. in Indonesia and Malaya, and by the Firestone Rubber Co. in Liberia, most natural rubber must be purchased from British and Dutch combines. Here the United States government took steps to protect the position of the American tire monopolies. During World War II a synthetic rubber capacity was constructed in the United States sufficient to meet all requirements. Subsequently, government regulation compelled mixing of a substantial portion of synthetic rubber with natural rubber in manufacture. In this way the more powerful United States combines deprive their British and Dutch rivals of much of the advantage of their near-monopoly position in natural rubber.

United States finance capital had a substantial stake in Bolivian tin even before World War II, but British, Dutch, and Belgian imperialists had a monopoly of tin ore elsewhere and owned all tin smelting capacity in the capitalist world. During World War II, the United States government constructed in Texas City, Texas, a tin smelter, which it operates for the benefit of the United States monopolies as a whole. In addition, the United States government took advantage of its wartime military position in the Far East and in Africa to obtain access to a considerable portion of the European-owned tin supply. In 1949, approximately 62 per cent of Bolivian tin, 40 per cent of Indonesian tin, 35 per cent of Thailand tin, and 7 per cent of Belgian Congo tin went to the Texas City smelter.[9]

THE MYTH OF RAW MATERIAL SHORTAGES

Attempts are made to convince the American people that we have a stake in the foreign acquisitions of United States companies. Government and big business representatives bewail the "exhaustion" of natural resources, and warn that this country will be defenseless against a foreign aggressor unless United States corporations extend their foreign holdings of oil and metals.

The rapid development of United States capitalism included and required the corresponding development of the ample United States

resources of raw materials. As the world empire of American imperialism expanded, and especially during the past decade, the monopolies have increasingly substituted foreign raw materials. This is not because domestic reserves are exhausted. Proved and probable reserves are larger than ever, thanks to additional and improved prospecting. Foreign sources are exploited because the giant corporations derive superprofits from the extraction of raw materials in other countries where colonial rule imposes especially low wages, and because United States monopolies wish to keep all possible sources out of reach of their rivals. Today the United States government acts for these monopolies by establishing colossal stockpiles of raw materials as a military strategic measure and also as a form of preclusive buying, to try to prevent the socialist world from purchasing raw materials in the capitalist world, and to limit the supplies available to competing imperialist powers.

The fact is that today the United States with 7 per cent of the world's population, consumes roughly half the world supply of important raw materials. (Examples for 1948 are copper, 51 per cent; petroleum, 67 per cent; natural rubber, 48 per cent; wool, 34 per cent; all in relation to total consumption of all capitalist countries). United States imperialism acts as a huge parasite draining the natural wealth of the entire capitalist world. *The Economist,* organ of British imperialism, complains that the petroleum policy of the United States government implies: "the assumption of a God-given right of Americans to go on consuming two-thirds or more of the total world supply of this essential fuel." (January 4, 1947.)

The excuse of exhaustion of resources was exposed quite well by none other than the oil companies, which have carried out the most grandiose foreign expansions with the aid of propaganda about "national interest" and "defense." This was in 1944, when the oil companies opposed a project for a trans-Arabian pipeline to be owned by the United States government. At that time the decisive oil interests preferred to delay the all-out development of Arabian oil until they could dictate the terms and own the pipeline, and until their inter-company deals were completed.

Through their Petroleum Industry Research Foundation, they published a pamphlet entitled *World Oil, Fact and Policy,* which answered the standard arguments used to justify imperialist grabbing of raw materials. According to the pamphlet, only a fraction of the

potential oil-producing area in the United States has been tapped. It states that natural petroleum reserves are sufficient to last a century, in addition to new sources of oil from natural gas, shale deposits, and tar sands. Finally, hydrogenation of coal can supply oil for at least a thousand years.

These facts, as well as the development of atomic energy, show that technical progress makes available new sources of energy and new sources of raw materials as rapidly as the development of industry creates the need for them. The only danger to the national interests of the United States in this connection arises from imperialist expansion itself. Instead of the normal development of domestic sources of materials and energy, there is frantic grabbing for foreign materials and the superprofits that go with them, and there is diversion of atomic energy to nonproductive military uses. Thus imperialism creates its own raw materials problem, by building up dependence on foreign sources which will inevitably be lost as other peoples liberate themselves and insist on the right to use their resources for their own development.

The price is already being paid by the people of England, France, Japan, and other countries. Their economies were built on imported raw materials now partly lost as the result of the decline of these imperialist powers and the conquest of their foreign holdings by American imperialism, or by the restoration of these holdings to former subject peoples through national liberation struggles. United States imperialism, by surpassing all previous rivals in foreign expansion, is thus creating more profound and lasting problems for the American people.

The oil industry pamphlet also exposes the alleged need for foreign materials as a national defense measure. It claims that conflicts over raw materials caused the first world war and played a major part in the second. Thus the scramble for foreign raw materials makes war inevitable, and creates national danger, rather than a strong point for national defense. Discussing Middle Eastern oil, the pamphlet says:

"Does the United States intend in the future to garrison far outposts of the world and to organize and maintain a desert peacetime army to protect this particular property? And even if we were prepared to do that, could we tell who our future enemies might be? Would we, for instance, undertake to guard the line against Russia, now one of the world's

mightiest military powers whose territory lies a scant 200 miles away from the region the pipeline would traverse? The answer appears inescapable. If the construction and safeguarding of the line are desirable from a military point of view, then clearly we stand committed to the preservation of armed forces all over the world."

This argument, as inescapable today as in 1944, was actually a hypocritical cloak to cover up the maneuvers of the big oil companies. Three years later their deals were completed, Standard (N. J.) and Socony-Vacuum were partners in Arabian Oil. The oil combines then became leading provocateurs of local wars, *e.g.* the Arab-Israeli war; of wars of repression against the national liberation movement, *e.g.* Indonesia; and of preparation for global war against the socialist world. (See Chapters VI-X.) At the urging of the oil trusts as well as the other aggressive circles of finance capital, United States armed forces *are* garrisoned all over the world. Arabia *is* dominated by a U. S. military airfield and surrounded by countries—Greece, Turkey, and Iran—full of American armaments and military advisers.

This situation, and not the mythical shortage of raw materials, is the real threat to the national security of the American people.

OWNERSHIP OF FOOD SUPPLIES

In general, the division of ownership and control of foodstuffs is along geographical lines: United States interests predominate in the western hemisphere, Hawaii, and the Philippines; British capital, and to a lesser extent French capital, in Africa and the Mediterranean area; British and Dutch capital, in the Far East.

United States interests are direct owners of the bulk of the world's cane sugar production, in Cuba, Puerto Rico, Hawaii, and the Philippine Islands. The meat industry of Argentina and Uruguay is owned in the main by the three largest Chicago packing houses, with British capitalists playing a secondary role.

Through buying monopolies, such food combines as the Great Atlantic and Pacific Tea Co. (A. & P.) and General Foods control the coffee industry of Brazil, Colombia, Guatemala, and Haiti. The copra of the Philippines is subject to a similar buying monopoly.

The United Fruit Co., connected with Boston finance capital, is one of the big ten in foreign capital investments.

At the end of 1948, it owned in Central America 558,965 acres

of improved and cultivated land, 1,474 miles of railway, 209 miles of tramways, 72,082 head of livestock, and 66 ocean-going vessels, of which 50 were refrigerated fruit vessels and 14 were operated by a British subsidiary for the European trade. It owned the telegraph system linking the Caribbean countries with the United States, telephone lines, radio stations, a large sugar refinery near Boston, and a sales company with 45 branches in the United States. Among the cultivated lands were 148,593 acres of bananas in eight countries, 100,379 acres of sugar, mainly in Cuba, 48,762 acres of cacao in four countries, and 25,908 acres of abacá (operated for the United States government).[10]

These holdings represent virtually everything of economic significance in certain Central American republics, such as Costa Rica, Panama, and Honduras. United Fruit also exercises considerable direct political power in these countries, supplementing the general political and military control exerted in its behalf by the United States government.

Long ago United Fruit defeated or absorbed its principal American and British rivals in the banana industry, Atlantic Fruit and Elders and Fyffes. Now it dominates the world's banana trade from plantation to grocery shelf. Complainants in a civil suit in Federal Court charged United Fruit with "use of various monopolistic practices, including sale of bananas to customers under agreements which prohibit purchase of bananas from competitors; the refusal of United and Standard to sell bananas to customers who purchase them from other importers and dealers; the intentional destruction of the businesses of persons attempting to compete in the banana trade."[11]

During recent years United Fruit has considerably extended its holdings, especially in the attempt to raise various African and Far Eastern tropical products, in order to break into the existing British monopolies. The U.S. government gives material and moral support to this "patriotic" activity, which is supposedly enhancing our national security, by growing citronella grass, African palm oil, cacao, and abacá in the western hemisphere.[12]

INDUSTRIAL EMPIRES

United States corporate control in other countries is not limited to the extraction and primary processing of raw materials and food-

stuffs. The largest manufacturing monopolies are also capital exporters. Ford and General Motors alone accounted for 40 per cent of all automobile production in the capitalist world *outside* of the United States in 1948. The position of the United States firms is completely dominant in Canada, and includes 40-50 per cent of production in Germany and England, the two largest European producers. In addition, the automobile manufacturers maintain a network of final-assembly plants in their export markets in all parts of the world.

International Harvester and Ford's Tractor Division have similar foreign interests. Almost all important United States corporations in the metal fabricating field have plants in one or more of the developed European countries, and a Canadian subsidiary is standard for the large companies in most fields of production.

United States rubber tire companies maintain numerous branches on all continents.

The decisive position of corporations in the Morgan group in the United States electrical industries—from turbines to lamps, from radios to power companies, from refrigerators to telephones—is well known. This empire extends throughout the world.

The Morgan world-interest in communications is handled mainly by the International Telephone and Telegraph Co., which manufactures equipment in Canada, Argentina, Brazil, Chile, England, France, Belgium, the Netherlands, Sweden, Switzerland, Austria, and Australia. I.T. & T. also receives patent royalties from the manufacture of equipment by European companies. It operates telephone, telegraph, and cable systems, and radio stations, in various foreign countries. Additional radio facilities are controlled by Radio Corporation of America, another Morgan combine. The international electric power interests of the Morgan group are handled by the American and Foreign Power Co., which operates in eleven Latin American countries and in China.

Kingpin of the Morgan world empire in electricity is General Electric, the most powerful electrical equipment manufacturing trust. It owned, as of 1945, from 15 to 49 per cent of the stock of the leading electrical equipment trusts of Japan, Germany, France, Morocco, England and Italy, with other shareholdings as of 1948, in Austria, Belgium, Chile, the Netherlands, Spain, Sweden and Turkey, and outright ownership of electrical equipment factories in

Argentina, Brazil, Mexico, Uruguay, South Africa, and China.* In 1947 General Electric affiliated and associated foreign companies employed 210,000 persons, of which the General Electric proportion, represented by investment, was at least 50,000.[18] This latter figure represented one-fourth of total General Electric employment.

General Electric's foreign expansion continues. Its new foreign investments in the four years after World War II totaled $85 million (about one-fourth of all G.E. investments during that period).[14]

THE CARTEL SYSTEM

So far, discussion has been centered on the division of ownership of industrial enterprises through the export of capital by the great combines. This is a key feature of imperialism, the direct source of special profits from exploitation of abominably underpaid labor.

But hand in hand with the division of physical properties goes the division of capitalist world markets. This is carried out through various forms of international cartels. There are differences in the methods of these cartels, but there are certain guiding principles.

The first principle is to maintain high monopoly prices. The second is to hold within the trusts the monopoly of technique, through exchange of patents. The third is to regulate production, by agreed quotas based on the state of capitalist world markets. The fourth is to divide markets physically, by allocation of this or that territory as the exclusive sphere of particular national trusts, and by agreed divisions of sales in other markets.

There is a widespread myth that international cartels are a

*The antitrust indictment against General Electric and its foreign affiliates lists the following shareholdings:

			per cent
England:	Associated Electrical Industries Ltd.	(preferred)	20.72
		(ordinary)	40.66
Germany:	Allgemeine Electricitäts Gesellschaft (AEG)		18.14
Japan:	Shibaura Engineering Works, Ltd.		15.0
France:	Compagnie Francaise pour l'Exploitation des Procédés Thomson-Houston		18.94
Italy:	Compagnia Generale di Elettricita		49.21
Morocco:	Société d'Electricité et de Mécanique		22.47

General Electric has an even more powerful position, derived largely from its patents, in the companies making electric lamps.

"European" phenomenon, that the United States corporations practice international free competition. In 1944 President Roosevelt wrote Secretary of State Hull about American anti-monopoly traditions, which he claimed were adhered to by United States legislation and government policies. He deplored the close relations between the Nazis and the German cartel members, especially I. G. Farben, and insisted that cartel activities be curbed through the United Nations.

The American people have a powerful anti-monopoly tradition. But it is not true, as President Roosevelt claimed, that United States government policies or the actions of the rulers of industry have ever been directed against monopoly—either domestic or international.

The Sherman Act and the Clayton Act were mere sops to the public. Under them many great trusts were organized with impunity. And United States finance capital promptly extended its monopoly methods beyond the country's borders.

One of the first international cartels was organized as early as 1896 by Mellon's Aluminum Corporation of America together with the Swiss-German aluminum trust.[15] Between the two world wars the leading United States corporations participated in international chemical, oil, steel, sulphur, copper, electrical equipment, zinc, potash, nitrate, aluminum, and armaments cartels, among others.[16] Actually the American firms played an important role in almost all of the international cartels.

Co-operation bteween I. G. Farben and the Nazi government in the drive for world conquest by the German imperialists deserved President Roosevelt's condemnation. But I. G. Farben's cartel partner, Standard Oil (N.J.), was equally guilty. It was no "dupe" of Farben, as alleged by some American liberals. American finance capital, experienced and flexible in the struggle for world domination, was the *accomplice* of Hitler and German finance capital in building German military might in preparation for the hoped-for annihilation of the U.S.S.R. The fact that this aid was turned in part against the American people merely shows that Wall Street is no center of patriotism, but an enemy of the American people, willing to betray the nation whenever its class interests will be served thereby.

Nor was the United States government any less active than the German government in co-operating with the cartel activities of the monopolies. Consider the Webb-Pomerene Act of 1918, which

encouraged United States trusts to pool their forces in export associations for the attempted conquest of world markets—and the decision of the Federal Trade Commission in 1924 that these export associations might properly participate in international cartels. Consider the Jones-Costigan Sugar Act, whereby the United States government acts as umpire for the international sugar trusts in the agreed division of the world.

When American manufacturers arranged in 1940 and 1941 to resume cartel arrangements with their German partners after World War II, they intended to do so. But after the war, leaders of American finance capital pretended to oppose cartels. The reason is clearly expressed in the book, *I. G. Farben* by Richard Sasuly:

"A cartel stabilizes nothing. It merely *records* a relationship between great producers which exists at a particular time. The cartel may be written as a contract for one hundred years but, as changes occur in the relationship of the signers, it will fly apart, sometimes with explosive violence. The force which destroys cartels is the faster development of one or another of the parties. And because the weaker parties in cartels are kept in place while the stronger continue to grow, the cartel becomes a perfect breeding place, first of economic war and finally of a shooting war."[17]

World War II, among other things, represented such a settlement by force of the disagreements among the various cartel partners, with the American monopolies the big winners. For the moment cartels could function only as protective measures by the European trusts against further American gains. But such false anti-cartel advocates as Philip Reed of General Electric stood ready to abandon their pretended scruples and form new cartels whenever a new balance of power might be reached.

Indeed, even while "anti-cartel" talk was going on, new cartels were being formed, and the United States government, as usual, helped form them in the industries where American monopolies were ready for them. Thus the government acted as agent for the grain trust in negotiating the International Wheat Agreement in 1948. Then, in 1950, the government inspired and blessed the plan of Robert Schuman, French foreign minister, for a European steel cartel, in which the American steel trusts would hold all the controlling strings. (See Chapter VIII.)

An example of the gains accruing to American monopolies in

post-World War II cartel agreements is to be seen in the division of the world among the steel-mill equipment trusts. The key trust in this cartel is the United Engineering and Foundry Company of Pittsburgh, a company within the Mellon sphere of influence but also connected with the Bankers Trust Company of New York (Morgan).

United accounts for more than 50 per cent of United States steel-mill engineering; it is the leading world manufacturer of continuous rolling mills for sheet-strip steel, and has an exclusive license for use of the most advanced process for their construction. It has stock interests in the principal Canadian, British, and Japanese* steel-mill equipment manufacturing corporations.[18]

In accordance with its dominant position, United concluded separate agreements with each of the principal steel-mill engineering firms of the capitalist world prior to World War II. In 1947 these were renegotiated, with the territories assigned to other companies being reduced and the United territorities being increased. The epitome of the new balance of forces is found in the provision in the 1947 agreement between United and the English Steel Co. (Vickers) that "United's territory shall mean the world." In general, the new agreements reduce foreign competitors to the status of commission selling agents for United in most of the world, with permission to sell products of their own manufacture in very limited territories, and with payment of royalty to United.[19] Accordingly, throughout the capitalist world the most basic industrial plants—steel mills—can be installed only with the approval of United States finance capital, on terms dictated by the American magnates, and with the payment of a tribute to them, either through purchase of their equipment at monopoly prices or through payment of royalties for the privilege of using their patented processes.

A similar situation existed before World War II in the electrical equipment industry. The Morgan and Mellon-Rockefeller electrical equipment trusts, General Electric and Westinghouse, had absorbed domestic competitors and divided the home market between themselves through various cross-licensing and quota agreements. They had established powerful foreign investment positions abroad and

*This is the same company, Shibaura Engineering Works, in which General Electric has a stock interest. Thus even before World War II one of the main Zaibatsu enterprises was held in tow by the Morgan and Mellon groups.

divided large parts of the world market with electrical equipment combines of other countries. In 1930, the division of the capitalist world market was completed in the International Electrical Equipment Cartel of nine companies, including the two American giants. For areas not covered by previous agreements, including most of Latin America, Africa, Asia, and all of Oceania, the cartel set up a "notification and compensation" agreement. Those members invited to bid on any given project (typically, an electric power plant) notified each other through the cartel apparatus, and were encouraged to agree on which company should get the contract, and at what price. Furthermore, the "successful bidder" was required to add to his price a sum—in one published example, 10 per cent—to provide "compensation" to the "unsuccessful" bidder.[20]

What did this combination of foreign investments and cartel arrangements mean? First, that nowhere in the capitalist world could heavy electrical equipment be bought without paying the special tribute exacted by the monopoly cartel members. Second, that the finance capitalist groups which stand behind the electrical trusts in each imperialist country, had an effective veto power over the development of electric power or power-driven industry in any part of the capitalist world. Third, that the Morgan combine, by virtue of its special position, its widespread interpenetration of the other trusts, its key position in control of patents, had the biggest voice in this system of controlled superprofits.

Thus, to build a power plant in Brazil, for example, it was not enough for the Brazilians to be willing to buy generators and turbines from the cartel members—and pay their superprice, their continuing royalties, etc. Nor was it enough for them to be willing to hire affiliated engineering firms to erect the installations. It was also necessary for Brazilians not to carry out any policies which seriously affected other Morgan interests—or for that matter Mellon-Rockefeller interests in Brazil.

If Brazilians wished to avoid this grip, they could turn to British General Electric, in which the U. S. common stockholding was 40 per cent; or to German General Electric where the U. S. interest was "only" 18 percent. Wherever they turned, however, it would be to an affiliate or company linked through cross-licensing and marketing agreements to either General Electric or Westinghouse.

Undoubtedly new cartel agreements which may be announced

will reveal a further extension of the General Electric and Westing house predominance in the world industry.

BANKING EMPIRES

Just as the big banks stand behind the industrial monopolies at home, so do they participate in the foreign ventures of United States monopolies. The key banking houses act as the negotiators and promoters of foreign expansion. Prior to 1930 the investment bankers appeared directly as lenders and floaters of foreign securities. Since World War II they have controlled still more potent instruments. Every cent of the massive credits extended by the United States government and through the International Bank are in effect handled by the leading investment bankers. Their direct representatives hold the key positions in the lending agencies. Their men run the Treasury Department, and they have set up an advisory committee to direct the government on international financial problems. They have set up special committees with British and French bankers to work out the redivision of the European colonial empires to the advantage of American finance capital.

As the principal holders of government bonds, the banks and insurance companies receive the bulk of the more than five billion dollars per year in interest on the national debt. Thus the financiers have a huge stake in the expansionist activities of the government, and especially in the imperialist wars which account for almost all of the national debt. A third world war might ruin the American people, but it would mean an extra ten to twenty billion dollars per year in interest for the bankers.

In addition to their general managing role, the banks participate directly in foreign investments. The four largest United States banks, National City,* Chase National (Rockefeller), Guaranty Trust (Morgan), and Bank of America (Giannini), maintain foreign branches and have the most potent position in the world-wide operations of American finance capital.

The National City Bank, which advertises itself as "First in World Wide Banking," operates 51 foreign branches, with 4,400 employees. The deposits in its foreign branches at the end of 1947 totaled $736 million, almost three times the prewar deposits.[21] The

*The Morgan influence is currently most powerful in this leading banking instrument of American imperialist expansion.

principal activities of the foreign branches are to service the American industrial corporations operating abroad. This gives the United States corporations financial backing right on the spot, and at the same time permits the exclusion of undesirable competition by exercise of the credit monopoly.

Just as the four big American banks dominate finance in the areas where United States capital is in control, so do a handful of French, British, and Dutch banks dominate their respective colonial areas—and so before and during World War II, did the Deutsche Bank march with the German army throughout Europe.

But now the European banks are to an increasing extent subordinate to their American rivals. Through the dominance of the dollar, the Wall Street banks are able to control the purse strings of international trade, and to draw together a significant part of the trading funds of the capitalist world. Deposits of foreigners in the United States totaled more than five billion dollars at the end of 1949. The Chase Bank alone acted as depositary for 1,300 foreign banks in 1948, as well as 3,800 United States banks.[22] The weakened European centers of finance capital are increasingly forced to turn to the Americans either directly or through the United States government or Wall Street-controlled "international" agencies to help them carry out their own expansionist plans.

The geographical distribution of United States private foreign investments at the end of 1948, together with the post-World War II increase in investments in each area, is shown below:[23]

	End of 1948 (in billions)	*Increase 1945-1948 (in billions)*
Canada	$6.1	$0.7
American republics	5.4	1.4
E.R.P. countries	3.9	0.5
E.R.P. dependencies (colonies)	0.6	0.3
Other European countries	0.7	0.0
Other foreign countries (largely Middle East)	1.5	0.6
International	0.2	0.2
Total	$18.4	$3.7

The industrial distribution of United States investments, with the increase from 1945 to 1948, is as follows:[24]

	End of 1948	*Increase 1945-1948*
Manufacturing	$3.6	$0.9
Distribution	0.9	0.3
Agriculture	0.6	0.1
Mining and smelting	1.1	0.1
Petroleum	3.0	1.5
Public utilities	1.3	0.1
Miscellaneous	0.7	0.2
Total direct*	$11.4	$3.0
Portfolio*	5.4	0.1
Short-term assets	1.7	0.6
Total	$18.4	$3.7

* See page 62 for explanation of these terms.

From these tables it can be seen that the United States financial empire is still concentrated in the western hemisphere. The oil companies have accounted for a large part of the postwar expansion, and the manufacturing combines have also expanded their foreign holdings.

TRADE EMPIRE

The investment empire of the American trusts is at the same time a foreign trade empire. The list of countries in which United States investment predominates virtually coincides with the list of countries to which United States exports are largest.

This coincidence follows necessarily from the structure of finance capital—there are close relations, for example, between the American utility companies which own power plants in semicolonies and the American electrical equipment companies which "naturally" get the orders for these plants.* This coincidence also follows from the

*Another form of the merging of trade and investment holdings is exemplified by W. R. Grace and Co. This shipping company built its fortune dominating the trade of the West Coast of South America and subsequently bought up or built more than a dozen factories in Peru, Colombia, Bolivia, and Chile.

general United States financial domination of such countries as Cuba and Venezuela, which makes them part of the dollar bloc, and causes them to import products with no direct relationship to United States investments, such as foods and consumers goods, from the U. S.

Thus the export of capital, which is in the first place a source of superprofits for the investing corporations, becomes at the same time a source of added profits for the United States monopolies as a whole. The interest of finance capital in promoting capital exports is not limited to those lines of industry for which capital export is most important but extends throughout most of the industrial, agricultural, and financial monopolies.

American monopolies took advantage of World War II and its aftermath to seize markets and raw-material sources from their rivals. The share of the United States in exports of manufactures to other countries in the western hemisphere increased from 42 per cent in 1938 to 73 per cent in 1948. The share of the United States in exports of manufactures to Asia, Africa, and Oceania, formerly largely colonial preserves of the European powers and Japan, increased from 11 per cent in 1938 to 25 per cent in 1948.[25] Similar gains in the United States trade position were registered in many of the Marshall Plan countries of Europe. The individual countries in which United States commerce increased most spectacularly are shown on page 55, listing countries outside the western hemisphere where the value of U. S. exports increased five-fold or more:[26]

The gains in United States foreign trade were made in large part through military occupation (Germany, Greece, Turkey, South Korea), Marshall Plan dumping, and similar special devices. The increase in export of capital was much slower. Either the trading gains would have to be consolidated by intensive capital export, or they would prove transitory. Already during 1949 and the first half of 1950, as European production revived, United States exports declined quite sharply. Hence the official drive in Washington to encourage capital exports and to step up war preparations needed by American imperialism to create the conditions for holding and completing its gains arising out of World War II.

TERRITORIAL EMPIRE

The division of the world among industrial and financial combines goes along with the geographical division of the capitalist

	U.S. exports to specified countries (in millions)			*Per cent U.S. share in specified countries' imports 1948*
	1936-38 average	*1948*	*1949*	
Austria	$ 2	$146	$151	42
Germany (Western)	112*	863	820	57
Greece	7	238	187	65
Italy	65	418	458	38
Portugal	12	76	52	23
Switzerland	9	171	143	19
Turkey	11	101	120	37
Yugoslavia	2	8	20	4
Iran	7	44	79	30
Palestine	3	29	79	27†
Saudi Arabia	2	84	85	74‡
India	35	298	253	20
Pakistan	—	17	46	7
Korea (South)	—	70	52	34
Indonesia	22	92	124	22
Thailand	3	16	32	17
Algeria	2	37	26	7
French Morocco	4	28	31	12
French West Africa	5	30	37	10
Belgian Congo	2	49	48	31
Union of South Africa	76	492	266	38

* All Germany for 1936-38.
† First nine months of 1949.
‡ Based on incomplete data of total imports.

world into imperialist empires, each controlled economically, politically, and militarily from a single center of power. Here we map the American empire—tentatively, because of the continual shifts in power.

A minimum listing is limited to countries where American imperialist control has been so consolidated and exploited that the important sectors of the economy are for the most part directly owned or controlled by United States capital. Countries marked with a star were in 1926 already regarded as within the United States empire by Columbia University Professor Thomas Parker Moon

in his book, *Imperialism and World Politics*. The others have been added since, largely at the expense of British imperialism, and to a lesser extent German imperialism.

AMERICAN EMPIRE, 1950

	Population, 1947 (in millions)	*Principal U. S. trusts or products controlled*
Alaska*	0.1	fishing companies
Canada	13	various
Greenland	0.02	Alcoa (cryolite)
Cuba*	5	sugar trusts
Mexico	23	American Smelting and Refining (nonferrous metals), others
Eight smaller Central American* and Caribbean countries	15	United Fruit Co. National City Bank
Puerto Rico*	2	sugar trusts
Venezuela	4	Standard Oil (N. J.)
Colombia	11	Standard Oil (N. J.)
Peru	8	W. R. Grace (shipping) Cerro de Pasco (copper)
Chile	6	Anaconda, Kennecott (copper)
Bolivia	4	American Metal (tin)
Brazil	48	various
Guianas (Dutch and British)	1	Alcoa (bauxite)
Aruba (Netherlands W. I.)	0.1	Standard Oil (N. J.)
Hawaii*	0.5	Big five sugar families
Philippines*	20	various
Saudi Arabia and Bahrein Island	6	Four leading oil companies
Turkey	19	chromite
Israel	1	various
Greece	8	tobacco
Liberia*	2	Firestone Rubber Republic Steel (iron ore)
Total population	197	

Notes to table: Population figures from United Nations, *Statistical Papers,* Series A, No. 6, "Population and Vital Statistics Reports," 1949.

*Listed in Moon: *Imperialism and World Politics,* New York, 1926, Table IV, p. 524. Of the eight smaller Central American countries, Moon listed five. Not included in the above listing are those colonies important almost exclusively as military bases—*e.g.* Guam, Okinawa, Panama Canal Zone.

In addition to the specific companies and products listed, United States utilities control power and communications, and United States banks control finance, in most of these countries.

In 1926 the countries included by Moon in "the colonial empire of the United States" had a population of 22,000,000. The minimum list of countries in the American colonial empire of 1950 had a combined population of more than 200,000,000 (allowing for natural growth in population from the 197,000,000 estimated as of 1947).

In at least five other countries United States military power has grown, and the interests of American finance capital are in process of displacing the formerly predominant British or other European imperialists:

	Population (in millions)
Argentina	16
Spain	28
Egypt	19
Thailand	17
Yugoslavia	16
Total population	96

Japan (population 78 million) and Western Germany (population 48 million) are in a special position. American armed forces occupy these countries. American finance capital controls their foreign trade. United States monopolies have made substantial investments in them since World War II. Yet these are developed countries, whose nationals still own most of the basic industries. The popular struggle against the American occupationists, and in Germany for national unity, is so powerful that Wall Street hesitates to buy up direct control of the decisive sections of the economy. Hence American colonial rule is not yet fully consolidated in these countries.

Taking account of various shadings and degrees of control, we may summarize the areas of United States imperialist domination in 1950 as follows:

	Population, 1947 (in millions)
United States proper	144
Complete domination—minimum estimate of U. S. colonial and semicolonial empire	197
In process of transition to U. S. colonial domination	96
Military occupation, colonial rule not yet consolidated	126
Total population of U. S. empire, broadly defined	563

The population of Britain and its sterling area is slightly larger. But it would not be correct to deduce from this that the British Empire is larger than the American empire. The grip of British imperialism is much weaker today; a number of the important components of the empire are actually in process of breaking away, or of being absorbed by the more powerful imperialism. In other British areas, American capitalists claim partnership in an increasing share of the loot, a process which is not reciprocated in the American empire.

Thus in reality the American empire is today the most extensive and powerful imperialist empire. About one-third of the population of the capitalist world lives within it. However, the sphere of influence of American finance capital is even more extensive. It also includes all of the Marshall Plan countries of western Europe, the colonies and semicolonies of these countries. American military and economic influence is growing, with varying intensity and speed, in all of these countries. The ruling classes of these countries, as they fall more and more into the net of the Marshall Plan, the Atlantic Pact, and the general drive for a third world war, become more and more restricted in their freedom of action.

These areas, in addition to the outright American empire, constitute the entire capitalist world.

III. THE STAKES OF AMERICAN IMPERIALISM

In November, 1949, N. A. Bogdan, director of finance of Ford International, made some frank remarks before the Thirty-Sixth National Foreign Trade Convention in New York. Discussing conditions of foreign investment by large corporations, he declared:

"The first thing that all governments must be made to understand is that such investment must be principally based upon the profit motive. It must not be expected that corporations managed in the interests of public shareholders should have to consider investment under Point Four* on humanitarian, political, social or military grounds."

We have seen how the giant corporations divide up the world. We have seen how the imperialist states conquer and dominate peoples in order to make this division possible. How much profits do the beneficiaries of imperialism get out of it?

During the years 1920-1948 United States capitalists received $18,000,000,000 in income on their foreign investments.[1] This sum equals the entire value of foreign investments outstanding at the end of the period, and three times the value of investments outstanding at the beginning of the period. This is an official figure, which includes only a *fraction* of the actual booty of American imperialism. Even so, it is enough to dispose of the myth of a benevolent free enterprise system, interested in foreign investments only for the purpose of improving living conditions and spreading democracy abroad.

When President Truman was inaugurated in 1949 he claimed that such booty was to be no more: "The old imperialism—exploitation for private profit—has no place in our plans."[2]

But the record shows that the old imperialism has not only been continued, but intensified, during President Truman's regime. During the years 1946-48 the annual average income from foreign

*President Truman's program for encouraging capital exports under the guise of "economic development of underdeveloped areas." (See Chapter V.)

investments was double the annual average for the preceding 26 years. Furthermore, the yield increased year after year, the 1948 total[3] exceeding the 1945 figure[4] by 123 per cent.

Certain characteristics of the profits of foreign expansion must be examined:

1. These profits are *highly concentrated*, flowing to a handful of the most powerful corporations.

2. These are *superprofits*, involving much more than the normal rate of profit.

3. These profits take various forms, concealed and open, which combined add up to *many billions of dollars per year.*

4. These profits represent *national exploitation* (seizure of the national wealth and income) of colonies and semicolonies; and at the same time *superexploitation of their working people.*

5. Within the United States *finance capital subjects the oppressed Negro people to similar national exploitation, and Negro workers and sharecroppers to superexploitation,* adding more billions to the annual booty of American imperialism. (See Chapter IV.)

Because foreign investments are concentrated in the hands of a few corporations (see Chapter II), it is inevitable that the profits from these investments should be similarly concentrated. The Department of Commerce reports that a dozen companies received 35 per cent of the total income from direct foreign investments during World War II; and that these same companies received 55 per cent of the total in 1947.[5] The profits derived from these investments, which appear as a minor fraction of the profits derived from exploitation of workers in the United States by all American capitalists, are a major fraction, in some cases the decisive portion, of the total profits of the few corporations which form the core and driving force of American imperialism.

The Department of Commerce reports an adjusted rate of return of 17.1 per cent on the book value of direct foreign investments in 1948, and notes that this is somewhat higher than the 13.8 per cent average rate of return from all operations, domestic and foreign, of large corporations.[6] This understates the difference. Only part of the profits actually derived from foreign investments are so attributed. On the other hand, the figure shown for the rate of return on all investments is increased by the inclusion of foreign investments. Futhermore, the rate applies to the largest monopoly cor-

porations. The average rate of profit, including that of smaller enterprises, is considerably less.

A better picture is obtained by comparing the profit rates from domestic and foreign operations of specific giant corporations.

1948 RATE OF PROFIT ON INVESTED CAPITAL

	Domestic	*Foreign*
	(per cent)	
Standard Oil (N. J.)	11	33*
General Motors	25	80
Anaconda Copper	5	13
Firestone Rubber	7	26

Source: Company reports. *Western hemisphere only.

Thus these corporations *admit* superprofits on foreign investments equal to three to four times the normal rate of profits. Moreover, this holds for both investments in typical semicolonies (*e.g.* Anaconda Copper in Chile) and for investments in advanced capitalist countries (*e.g.* General Motors).

FORMS AND AMOUNT OF SUPERPROFITS

The main forms of imperialist superprofits are: yield from investments as dividends, interest, and reinvested profits; income derived by the international monopolies in shipping, banking, insurance, etc.; and the price scissors, including sales of commodities above value and purchases of commodities below value. The following are descriptions and estimates of the amount of superprofits in each of these forms taken by American finance capital in 1948:

The total reported yield on foreign investments, private and public, was $1,900,000,000 in 1948. This was composed as follows:[7]

		(in millions)
Profits on direct investments:		$1,552
remitted to U. S. owners	$997	
reinvested abroad	555	
Other private foreign income		275
Interest received by U. S. Govt. on loans to foreign countries		102
Total		$1,929

This total is on a more complete basis than the 29-year total shown on page 59, because the published figures over a long period exclude reinvested profits on direct investments and interest received by the United States government.

Direct investments are productive properties owned and operated by United States corporations. The predominance of this form of income is a measure of the powerful position of United States finance capital, which today is rarely satisfied with a share in foreign-produced surplus value in the form of bond and stockholdings (portfolio investments), but insists on the higher return and controlling position resulting from direct ownership.

Not all the capital used to extract superprofits from foreign countries is invested there. Weak countries, without adequate industry to build ships and airplanes, must pay tolls to the imperialist transportation monopolies for the goods they import and export. Countries without adequate financial resources must pay fees to the centers of finance capital for the use of banking facilities and for insurance. In 1948 Brazil had to pay $96 million for transport, insurance, and related charges on goods bought in the United States for $497 million, an additional tribute of about 20 per cent.[8] In 1949 when ocean freight rates were supposedly reduced, Brazil had to pay an additional $97 million on purchases of $382 million, or 25 per cent extra.[9]

Other forms of foreign profits are segregated in the official statistics. These include movie film rentals ($129 million in 1948); royalties on patents, home office expenses of the international corporations charged against their foreign profits ($79 million); the dollar outlays of foreign businessmen and governments to pay purchasing and sales agents in the United States, to maintain United Nations delegations, etc. ($84 million).

The Department of Commerce estimates the receipts of United States finance capital from these sources as follows[10]:

	1948 receipts (in millions)
Transportation	$1,384
Miscellaneous private services	488
Total	$1,872

These are *incomplete* estimates. The full totals for the items covered would be much larger.

In Chapter II we saw that the investment empires of the great corporations brought with them domination of the foreign trade of dependent countries. This domination extends to the "terms of trade," the prices received for goods and paid for goods. The monopolies systematically charge for exports even more than their domestic monopoly prices. They systematically pay less than the full value established on domestic markets for the raw materials they import. The gap between the prices which the dependent countries pay and the prices they receive has been increasing historically during the imperialist epoch.

Picture a line of prices going upward and representing the prices charged the dependent countries by the monopolies of the great powers. Crossing it and going downward is the line of prices paid the dependent countries for their raw materials by these same monopolies. These lines comprise the *price scissors* which cuts down the income of the dependent countries to the advantage of the international corporations. United Nations experts estimate that the dependent countries had to pay $2.5 to $3 billion more for their imports of manufactured goods in 1947 than they would have had to pay if price ratios were the same as in 1913.[11] This figure shows how much the spreading of the price scissors has cut down the annual income of the dependent countries since 1913. It does not represent the total superprofits of imperialism from sales above value and purchases below value, because it omits the price scissors already in effect in 1913.

The monopolies also operate the price scissors against farmers and small businessmen within the home country. But there is a difference in quality. The domestic price scissors is a redistribution of internally produced profits to the advantage of the monopolies. The foreign price scissors is a form of national exploitation, seizing values produced in other countries and transferring them to the imperialist centers. There is also a quantitative difference, in that the foreign price scissors involves more extreme underpayments and overcharges.

Booty in this form is distributed more widely than the direct investment profits. It is shared by all of the monopoly corporations which engage in substantial foreign trade, regardless of the extent

of their individual foreign investments. Thus it creates a community of interest in imperialist expansion among virtually all sectors of finance capital.

Finance capital is able to use the price scissors against the dependent countries because of its monopoly position as buyer and seller. This position is enhanced by intervention of the imperialist state. Thus, during World War II, the United States (and British) government imposed price ceilings on imported raw materials, and forced the producing countries to deliver vital goods at prices scarcely higher than the depressed prewar levels.* After the war, when the Latin American and other dependent countries wished to spend their reserves saved up by wartime sales to purchase needed goods, the United States government took the lid off prices. Furthermore, the supply permitted for export was limited by government regulations, so that all foreign buyers had to bargain for a small supply, permitting the monopolies to charge especially high prices.

The result was that after the war the semicolonies and colonies had to pay prices relatively higher by two or three times than the prices received for products they had supplied during the war. They obtained relatively little, their financial reserves were soon exhausted, and they were left more impoverished than ever.†

At the end of World War II, because of the favorable position of United States imperialism as the main supplier of a whole series

*This procedure was carried out with typical imperialist duplicity. While prices of imported raw materials were placed under a ceiling, domestic farm products were never so restricted, and special price premiums made the ceilings on minerals meaningless.

†This process was well expressed by Hernan Santa Cruz, permanent representative of Chile in the United Nations: "World economic history indicates that, with few slight deviations, the rate of price increases in manufactured articles has been incomparably sharper and greater than that of raw materials and agricultural products. If we remember that the two latter categories account for 90 to 95 per cent of Latin American exports we reach the conclusion that for every ton exported, Latin America is receiving a steadily decreasing quantity of merchandise. This situation has become particularly serious in the postwar period. . . . The twenty Latin American republics have seen their last year's imports drop by more than 20 per cent, whilst they were unable to acquire the necessary equipment to maintain and renovate their industry and agriculture." (United Nations, *Supplement to Major Economic Changes in 1948,* Discussion of the world economic situation in the Economic and Social Council, February and March 1949, pp. 11-12.)

of products, it was able to derive superprofits from export of commodities above value to an extent never before seen. Not only the typical semicolonial countries, but also the advanced capitalist countries, were forced to pay extra prices for United States products.

This process reached its height in 1947, but it was still very important in 1948. Overpricing of exports was most flagrant in the products of heavy industry: metals, machinery, vehicles, and chemicals. Consider as examples the most important steel and chemical items. In 1948 the official mill price of plain steel sheets in the United States averaged $3.20 per hundred pounds,[12] while the official export price averaged $5.58.[13] The official mill price of caustic soda averaged $2.85 per hundred pounds, while the officially reported average export price was $6.27. Transport from mill to seaboard and other legitimate charges account for less than one-third of these price differentials. The highest prices were charged the semicolonial countries of Latin America and Asia.

The export statistics conceal much of the price gouging. In many cases export goods could only be obtained through falsification of export license applications and invoices, with part of the price being paid "under the table." Other exports were "sold" at official prices to distributing subsidiaries of the giant corporations, who then sold them at huge mark-ups in the foreign countries.

The actual facts, as reported widely in the press, were that export shipments of steel and chemicals were made at three to four times the regular price. Thus, early in 1948, an official of the Department of Commerce cautioned New York dealers about "unreasonable" steel export prices of $300 per ton at a time when domestic prices were less than $100 per ton.[14]

Machinery and vehicle prices were similarly inflated. New York business circles abound with stories of Latin American capitalists buying second-hand machinery at three times the official price for new machinery. Official export statistics show an increase of 229 per cent in the export price for a one to 1½-ton truck between 1939 and 1948. The domestic price index for trucks increased 74 per cent over the same period. For sewing machines the increase in export prices was 160 per cent; in domestic prices (to 1947-1948 data not available), 78 per cent.[15]

Foreign buyers of *used* passenger cars in 1948 had to pay an average of $1,692, considerably more than the domestic factory price

for *new* popular-make passenger cars. The Brazilian Rural Society reported that whereas in 1929 a Ford automobile could be procured for the proceeds from 20 bags of coffee, in 1949 the cost was 200 bags of coffee, or ten times as much. Unable to afford passenger cars, the Society bought jeeps for its members on a nonprofit basis, paying the equivalent of 80 bags of coffee.[16]

The farm equipment monopolies—International Harvester, J. I. Case, etc.—handle distribution of their products in foreign countries, collecting big mark-ups over and above the prices at which they export their equipment. In 1950 the Argentine government attempted to stop this by forcing the farm equipment companies to sell their products at wholesale to a government distributing agency. The State Department and the bankers jumped into the breach. Using diplomatic and financial pressures, they forced a compromise, whereby the United States monopolies would continue to distribute the products, but slightly reduce the trade mark-ups. The reduced mark-ups amounted to 75 per cent![17]

The most consummate price gouging was in the groups of commodities discussed above. But smaller price additions were typical for other commodities. Thus the officially reported 1948 average export price for rough southern pine boards was one-third above the domestic mill price. The average 1948 export price for standard Portland cement was 19 per cent higher than the price delivered in the port of New York.[18]

Even where an apparently uniform price applied in foreign and domestic markets, there were often concealed overcharges. Thus, by government regulation, one-third of the wheat exported to the Marshall Plan countries had to be in the form of flour, which was considerably more expensive, despite the fact that the importing countries have ample milling capacity.

To sum up, on exports of metals, chemicals, machinery, and vehicles, at least one-third of the reported value represented a tribute paid by foreign buyers over and above the very high domestic prices. On exports of $5.6 billion, this comes to an overcharge of $1,860 million. At least ten per cent of the reported value of all other commodity exports represented an extra tribute to the American monopolies. On exports of $6.9 billion,[19] this comes to an overcharge of $690 million.

Thus, the booty of American imperialism in this form, by the most conservative estimate, came to $2,550,000,000 in 1948.

The other half of the imperialist price scissors consists of purchases of colonial and semicolonial products at prices below their actual value. This is most pronounced in times of economic crisis. But it is sufficiently important in boom times as well.

Consider one of the largest United States imports—coffee. Even in times of prosperity the import price paid for coffee at Latin American ports is usually less than half the price paid by consumers in the United States. Even with full allowance for cost of transportation, roasting, and shrinkage, the price paid in Brazil or Colombia is far below the value of the coffee.[20] But the food trusts do not pay planters even the official import price. The Brazilian coffee market, according to the Brazilian Institute for Economic Research, is dominated by "seven monopolistic United States coffee firms" which "control 43 per cent of Brazilian coffee exports."[21] The largest of these seven is the American Coffee Co., a subsidiary of the Great Atlantic and Pacific Tea Co. (A & P), which alone controls ten per cent of Brazilian coffee.

According to various Brazilian studies, these companies typically pay the planters between 50 and 70 per cent of the Brazilian export price[22]—that is, between 25 and 35 per cent of the price to the ultimate United States consumer.

In 1948 the average import price of coffee in the United States was 25.1 cents per pound. The price to the consumer was 51.4 cents per pound. About half of this difference is accountable in terms of coffee shrinkage, cost of roasting, transport, packing, etc. There remains a difference of 13 cents per pound which represents a profit cleared by the United States monopolies out of Latin American production. On that year's imports of 2,770 million pounds this imperialist tribute came to $360 million. This is in addition to the profits accruing to the food trusts by purchase of coffee from planters at prices below the price of export from Latin America.

In the case of bananas, closely controlled by a single company, the United Fruit Co., the price spread is even more marked. This company raises bananas on its own plantations and in addition buys from peasant growers. *All* expenses of the United Fruit Co. in Central America, including wages, purchases of bananas, salaries of

its officials, maintenance and depreciation, operation of the railroads owned by them in Central America—the sum of these expenses amounted in 1948 to about 85 cents per bunch of bananas, or 1.7 cents per pound.[23]

During the same year the average retail price of bananas in the United States was 15.9 cents per pound,[24] or nine times as much.

With due allowance for shipping costs, packing costs, etc., the superprofit comes to 11 cents per pound, or $330 million on total 1948 imports of three billion pounds. Only a small fraction of this is included in the admitted profits from foreign investments of the United Fruit Co., while purchases below value for shipment to Canada and Europe are not taken into account.

Similar superprofits apply to other commodities as well. Thus the International Monetary Fund, in computing its balance-of-payment statistics, found that Mexican exports were grossly undervalued in relation to United States prices, less transportation costs. For tomatoes, the undervaluation was about 75 per cent; for ginned cotton, about 20 per cent; for lumber almost 60 per cent; for shrimp, more than 40 per cent. In all, the Fund found undervaluation of approximately $48 million in Mexican exports for 1948.[25] In a characteristic cover-up, the agency statisticians treated this as an "error" in the Mexican statistics, rather than what it really was, an added profit to the United States buyers.

Coffee and bananas are duty-free imports. Most manufactured goods and some raw materials pay tariffs. These tariffs represent a portion of the value of the goods absorbed by the United States government for finance capital as a whole. When the duty of one-half cent per pound is paid on Cuban sugar, this is part of the profits ground out of Cuban sugar workers, despite the fact that none of this tariff appears on the books as profits to the importing company.* The entire customs receipts of $418 million in 1948 must be regarded as part of the tribute taken by United States imperialism.

*In this respect, there is an important difference between tariffs charged by the United States and those charged by other countries on imports from the United States. This difference results from the strong position of American monopolies in the capitalist world, in comparison with the capitalists of other lands. The American market, as the principal consumer, tends to determine price for both imported and exported commodities.

For example, manipulation of domestic sugar supplies and duty-free sugar from the Philippines and Puerto Rico make it inevitable that Cuban sugar

Adding the estimates for coffee, bananas, Mexican undervaluations and customs receipts, and disregarding all other superprofit in this form, the total of extra profit through purchases below value comes to $1,156,000,000.

The above discussion has estimated the major forms of American imperialist tribute. A number of substantial items have been omitted, such as the occupation expenses charged to Western Germany and Japan, the reparations taken out of Western Germany by United States capitalists (more than the amount taken by any other country), speculative profits from manipulation of other countries' currencies through the Marshall Plan, and the national wealth of other countries that is taken out by runaway national capitalists who fear their people and flee to the protection of Wall Street. Also omitted are the profits from the formal colonies of the United States, which are not shown in official statistics. Without attempting to evaluate these omitted items, it is possible to summarize the 1948 foreign profits of imperialism, always recalling that each item in the total is a conservative, partial estimate and that United States finance capital is skilled in hiding its profits, and especially its profits from foreign expansion:

SUPERPROFITS FROM DEPENDENT COUNTRIES, 1948

	(rounded millions)
Admitted investment earnings	$1,900
Transport, insurance, etc.	1,900
Sales above value	2,500
Purchases below value	1,200
Total	$7,500

must be priced downward to allow for the tariff. Again, in order to sell manufactured goods on the United States market, foreigners must compete with prices established by the American companies, which means cutting prices sufficiently to pay the duty and still undersell the domestic product.

With United States exports, the picture is different. The American manufacturer, in general, tells the foreign buyer to take it or leave it. Especially in semicolonial countries, tariffs merely add to the price paid by the population for imported goods. Thus a cheap American suit of clothes retailing at $20 to $23 in New York sells at $70 in Venezuela, the tariff being a considerable part of the difference.

NATIONAL EXPLOITATION

"Only about 60 per cent of the copper and nitrate exports is retained in Chile, either in the form of labor and other direct production costs, and taxes, whereas the balance of 40 per cent of the value of copper and nitrate exports leave the country either in the form of profits, amortization and administrative costs or merchandise imports paid abroad by branch firms in Chile or foreign-owned mineral companies."[26]

This statement of the Chilean government brings out the connection between the superprofits of Anaconda and Kennecott Copper and Anglo-Chilean Nitrate, and the national exploitation and impoverishment of Chile by these corporations. Here two-fifths of the value of the principal products go as tribute to imperialism. In Africa the situation is still worse. Liberian exports in 1947 were valued at $13.4 million. Of this $8.7 million represented profits on foreign investment, freight and insurance on imports, amortization and interest on loans.[27] Only $4.7 million, roughly 35 per cent of the value of Liberia's exports, was available for the purchase of goods needed by Liberia. In the case of Saudi Arabia, barely one-tenth the value of the oil taken out by the Arabian-American Oil Co. is left in Arabia. In fact, the booty taken from Saudi Arabia by the oil company exceeds by at least 50 per cent the entire income from all sources accruing to the six million people who live there.

Latin America remains the oldest foreign reserve of American imperialism. Of the $7.5 billion of annual United States imperialist booty, at least $2.5 billion comes from Latin America.[28] *This is one-fifth of the total commodity production of all Latin America*[29]—a tribute equivalent to each fifth ear of corn raised by the peasants, each fifth bolt of cloth produced in the textile factories, each fifth pound of metal drawn from the earth. One doubts whether any Roman emperor ever obtained such tributes from his conquered peoples.

The huge booty of imperialism explains in basic terms why colonies and semicolonies remain backward economically and why their people are always on the verge of starvation. It explains why previously advanced countries coming under the heel of Wall Street, as in western Europe, suffer increased impoverishment and the slow death of their industry. It explains why the national liberation struggle of most of the world's people cannot stop with the ending of formal colonial status, but must include complete economic, politi-

cal, and military liberation from imperialism. It explains why Indonesia, or Israel, or the Philippines are no more free as "independent" states than they were as colonies, so long as they permit Anglo-American imperialists to maintain and extend their economic grip, and thereby drain off the national lifeblood in imperialist superprofits.

As the general crisis of capitalism deepens, the sufferings of the nationally exploited peoples increase, and their liberation struggle becomes more powerful. The imperialists, operating in a shrinking portion of the world, and beset by ever-growing internal contradictions, continually intensify their exploitation of the remaining areas under their control. This can be seen in the case of Latin America, which paid a tribute to imperialism in 1948 equal to *three times* the average annual tribute paid during the years 1929-1939.[80]

SUPEREXPLOITATION OF WORKING PEOPLE

A Brazilian diplomat has said:

"While standards of living of high income areas, in relation to prewar levels, have already been reinstated for the most part, we are still faced with the stark fact that great masses of people in underdeveloped countries still toil under inhuman conditions in order to earn a meager subsistence.

"When we realize that the majority of underdeveloped countries in Latin America and Asia have a yearly *per capita* income under $100 against *per capita* incomes averaging $500 in western Europe and over $1,200 in the United States, the tremendous challenge which civilization must meet becomes apparent."[81]

The full weight of this national impoverishment, and more, is borne by the workers and poor peasants of the countries dominated by imperialism. These classes toil to produce not only the seven billions per year for Wall Street, and additional billions for European finance capital, but also to produce a profit for their own capitalists and landlords.

It is this superexploitation, national exploitation on top of capitalist and landlord exploitation, which accounts for the incredible poverty, poor health, and chronic malnutrition of the majority of the world's people.

The varying yields of foreign investments in different areas reflect, as in an inverse mirror, the depths of human misery on which

the profits are built. The following figures show the average rate of profits in 1948 on United States corporate investments in different parts of the world:[82]

	(per cent)
Europe outside of Marshall Plan countries	7.6
Canada	14.0
Marshall Plan countries	14.5
American republics	17.4
Colonies of Marshall Plan countries	20.0
Other countries (mainly Middle East)	31.3

The moderate rate of profit in Europe outside the Marshall Plan area reflects the actions of the People's Democracies in restricting the profiteering of those foreign corporations which were still permitted to operate in 1948. For the other countries, the range of profits was in reverse ratio to the range of wages. The lowest rate of profit was in Canada, where wages are not much less than in the United States. The highest rate of profit was in the oil countries of the Middle East, like Saudi Arabia where legal slavery still exists and wages are correspondingly depressed.

In the old plantation system characteristic of pre-imperialist colonies, the rate of profit was very high, but the rate of exploitation of the individual worker was relatively low. The slave or semi-slave worker was paid very little, but his production was small. The very high rate of profit was based on a small fixed capital investment, employment of large numbers of workers, and a small profit squeezed out of each of these workers using primitive production methods.

Imperialism, especially U. S. imperialism, has largely changed this pattern. It maintains the slave labor conditions, including long hours and low wages, but forces these workers to produce with modern equipment, with the up-to-date American methods of work organization and speed-up. Thus not only the rate of profit, but also the rate of exploitation is considerably higher than in the metropolitan country.

An example is provided by Chile where, as previously noted, the Anaconda Copper Co. makes a much higher rate of profit than in the United States. In 1940 the average wages paid to a worker in the foreign-owned mines in Chile was $273 per year, about one-fifth of the average wage of $1,400 then paid in United States copper

mines. But the average production per worker in Chile was 23 metric tons per year, not much less than the average of 27 metric tons per miner in the United States.[33]

Recently a number of United States manufacturers have set up runaway shops in the colony of Puerto Rico. Wages are one-third to one-fourth of the United States rate, but one manufacturer found that "within a few months workers met mainland production rates"; another "at the end of two years was producing twice what it had forecast," and so on.[34]

These facts give the lie to the American Federation of Labor's Latin American agent of imperialism, Serafino Romualdi, who admits the terrible deterioration in Latin American real wages over the past decade, but urges the workers to "increase their productivity" before seeking higher living standards.[35]

It is the same in Arabia and in Africa. Wages of Arabian oil workers are less than one-tenth the average wages of United States oil workers, but production per worker is actually higher in Arabia.[36]

Chapter II told of the acquisition of the Southwest African copper mine Tsumeb by a syndicate headed by the Morgan trust, Newmont Mining Corporation. In three years Newmont's original investment was multiplied twenty times in value. How was this done?

According to *Fortune,* which praises Tsumeb as an outstanding example of Wall Street enterprise: "The Ovambo and Herero tribesmen, who come from several hundred miles away to work at the mine, get 50 cents a day, plus room and board, which is considered a good native wage in Africa."[37]

The alleged inefficiency of the native people, put forward by *Fortune* as justification for the slave wage, is refuted by the following:

There are four thousand Africans in the town of Tsumeb. If every one of them is employed by the company (obviously an exaggeration, but no employment figures are given), the wage payments would amount to $2.50 per ton of ore. The net profit amounts to twenty dollars per ton of ore, or eight times as much. In short, the abominable wages have nothing to do with efficiency, but only with the fantastic superexploitation of the African population.

It is clear from the above examples that rates of exploitation of a thousand per cent or more are not unusual in the semicolonial and

colonial operations of the monopolies. Such intensified exploitation of the remaining colonies and semicolonies worsens the already bad living standards of the people in these areas.

A United Nations report notes declines in real wages in all of the leading countries of the Far East, specifying declines in 1947-48 of 13 per cent in India and 25 per cent in Malaya as compared with the prewar period. The report notes that: "The decline in real wages in many countries of the region has meant a further deterioration in the standard of living. This has been a major factor in the increase in labor unrest since the war."[38]

Romualdi, in the article referred to above, speaks of reductions of 50 per cent or more in real wages in various Latin American countries over the past decade.[39] As for Venezuela, which Romualdi regards as an exception, a recent Venezuelan government report admits that the average consumption of food has fallen to 1,641 calories per day and that there has been a "continuous increase" in shortages.[40]

The extreme impoverishment of the Venezuelan people is highlighted by the experience of Nelson Rockefeller. The Rockefellers are responsible for the plight of Venezuela. Their oil trust has made more profits out of that country of five million people than out of all the rest of their foreign holdings put together. Rockefeller wanted to make more money out of Venezuela by gaining a monopoly of the food industry. But here he was hoist on his own petard. As soon as the production of Rockefeller's fish company reached 50 tons per month, or about six-tenths of a gram per inhabitant, no more could be sold. The limits of the consuming power of the Venezuelan people had been reached, and Rockefeller lost money on this particular venture.[41]

IMPERIALISM AND NATIVE REACTION

The organization of imperialist domination of dependent countries is based on the alliance of foreign monopoly capital with native exploiters. In Chile, in 1935-36, 57 per cent of all farmland was owned by 626 giant landlords owning more than five thousand hectares apiece. At the same time, 790,000 small holders with less than five hectares apiece owned six-tenths of one per cent of the land.[42] The landlords' families, together with the commercial capitalists who depend on imported goods supplied by the imperialists or who

service the foreign corporations in various ways, are the ruling classes. They and their families compose the government, the armed forces, the police.

These classes and the imperialists have a community of interest. Without the support of imperialism, the semifeudal land system could not survive. Without the repression exercised by the ruling classes, imperialism could not maintain its domination nor the low wages of the workers it exploits.

As noted above, only 60 per cent of the value of the minerals produced in Chile remained in that country. But of that 60 per cent, the lion's share went to the ruling classes, the smaller share to the miners. In 1940 the value of production of foreign-owned mines in Chile was 2,636 million pesos. Of this total, 353 million pesos went as wages to Chilean workers, 635 million pesos as taxes to the Chilean government.[43]

These taxes benefit principally the Chilean landed aristocracy, the military caste, and sections of the capitalists, all of whom combine to control the government. The taxes amount to a bribe to gain the police services of the Chilean ruling classes. Thus in 1947 Chilean workers were engaged in a series of struggles for wage increases to catch up with the skyrocketing cost of living. The President of Kennecott Copper visited Chile and consulted with President Gonzales Videla. Thereupon Videla violated his commitments to the workers' unions and political parties whose support had brought about his election. He ousted Communists from the united front government, used armed force to break strikes, declared martial law in the mining communities, arrested and exiled union and political leaders of the workers. The profits of the foreign mining companies soared still higher.

Similar relationships exist in the coffee plantations of Brazil, where the owners of the fazendas and the large Brazilian banks get the bulk of that part of the value of the production not appropriated by the United States coffee companies. The Brazilian *colonos,* or landless peasants, who work the coffee plantations, get the smaller share for their labor. So intense is this labor that the children of colonos, instead of going to school, are taught weightlifting while working on the plantations so that as adults they will be able to throw around bags weighing 300-400 pounds each.[44]

In Arabia the alliance of United States finance capital with

native rulers is even more shameful. Here, on a barrel of oil worth about two dollars, the native workers are paid wages of three cents, and the slaveowning monarch Ibn Saud is paid a royalty of 22 cents! Even though the bribe to the king is seven times the wage payments, the total costs are trivial, and immense profits are reaped. At the same time, the king is maintained as a loyal retainer of the Arabian-American Oil Co., which in turn helps preserve his feudal and pre-feudal prerogatives in a system of incredible exploitation of the mass of the Arabian people.

The oil industry pamphlet quoted in Chapter II even has the hypocrisy to expose the reactionary political consequences of the trans-Arabian pipeline:

"The pipeline would establish the United States Government as the 'protector' of the rights of Saudi Arabia and Kuwait. . . . Besides the question of military action, what would such 'protection' involve for the United States? Would we be committed to preserving the present ruling regimes of these countries, and if so, how would fare the principles of the Atlantic Charter and the Four Freedoms, since we would be preserving in Saudi Arabia and Kuwait two of the last absolute monarchies of the world—monarchies so despotic that their personal rulers are in truth the owners of their own countries with totalitarian powers over all their subjects and property?"

Even as this was written, the United States government was engaged in pouring out tens of millions of dollars to preserve the Arabian monarch, after an elaborate campaign organized by oil company representatives and their allies in the United States diplomatic service to arrange the financing of the "last absolute monarchies of the world."

Four years later, after United States hegemony over the Middle East was established, and all the leading American oil monopolies cut into the Arabian pie, the American Petroleum Institute forgot its erstwhile political scruples.

In Southwest Africa, the marriage of interests between Wall Street and the local ruling class is different in form from that prevailing in Chile or Arabia. Here the local rulers are the white minority of South Africa, which retains Southwest Africa as its colony. The payoff takes the form of a profits tax of 17.5 per cent paid by Tsumeb Mining, which accounts for most of the revenue of Southwest Africa. The United States also continues to give diplomatic

support to the white supremacist Malan regime of South Africa in the United Nations against the pleas of the peoples of Southwest Africa for national independence.*

Such alliances of Wall Street with the most despicable forms of native reaction result in new contradictions. Just as the economic result of the intensified exploitation of subject peoples is their further impoverishment, so the political result is the multiplication of their struggles for better conditions, to the point where the allies of imperialism are no longer able to cope with the situation.

SUPEREXPLOITATION OF UNITED STATES COLONIES

During 1949 the imperialist governments submitted to the United Nations information on conditions in their colonies.[45] Though these reports were worded to put the best light on conditions, the elemental facts stand out through the thick coat of whitewash. The general colonial regime in 1949 was no less brutal, no less exploitative, than the colonial regime of a half century or a century earlier. And the colonial regime of United States imperialism was *indistinguishable* in quality from the notorious colonial regimes of Britain, or France, or Belgium, or the Netherlands. There follow a few examples of outstanding features of United States colonial rule revealed in this report on *Non-Self-Governing Territories.*

The colonizers steal the people's land, the basis of their livelihood. Thus in Hawaii: "At the 1940 agricultural census there were 114 farms of 1,000 acres or more, comprising 96 per cent of the agricultural land producing sugar cane, pineapple and livestock. The remaining four per cent of the land was divided into 4,881 farms producing mixed crops, meat, poultry and dairy products for local consumption" (p. 642).† The report does not mention the well-

*The latter was highlighted in July 1950, in the midst of the great to-do in the United Nations to justify the United States attempt to conquer Korea on the pretext of saving the puppet Rhee regime. The Associated Press reported: "The Union of South Africa intends to absorb Southwest Africa into her own territory in defiance of the United Nations and the International Court of Justice." (*N. Y. Times,* July 13, 1950, dispatch from London) Needless to say, the United States government did *not* call a special session of the Security Council, did *not* send its troops or ask for United Nations troops to defend the independence of Southwest Africa.

†Page references in this section are to the United Nations report *Non-Self-Governing Territories,* Vol. II.

known fact that the 114 plantations are in turn controlled by the "Big Five" American and Anglo-American families, which for all practical purposes control the entire economy of Hawaii. Again in Guam: "Though extensive areas in Guam are required for military purposes, about 75 per cent of the land under regular cultivation before the Second World War is still available for agriculture" (p. 625). A backhanded way of admitting that the militarists have stolen 25 per cent of the land that they didn't steal before World War II!

Attempts are made to destroy the national cultures of the colonial peoples. The English language is forced on them in all public institutions and in the inadequate schools provided. The people resist this process of "Americanization," as in Hawaii: "Though the English language is used in all public schools as the sole medium of instruction, a special problem is created by the fact that pupils are accustomed to use a different language at home, as for instance, Hawaiian, Japanese, Chinese, Korean, Portuguese and Spanish" (p. 638).

Segregation and discrimination pervade all aspects of colonial life. Attempts of the report to obscure this are quite transparent. Thus in Alaska: "Racial discrimination is illegal. The fact that Indian and Eskimo children attend their own schools is due largely to geographical and health conditions" (p. 509). And in Puerto Rico "comparatively little discrimination exists against the Negro because of color or race. . . . *Aside from questions of intermarriage, such discrimination as exists racially is chiefly based on social or economic standing.*" (My italics.—*V.P.*) The wages of native employees of the Naval Station and United States government installations in Samoa in 1948 were from 16 to 24 cents per hour for common laborers, 26 to 35 cents per hour for chauffeurs, 46 to 60 cents per hour for plumbers (p. 608). Yet the report has the gall to claim that "The citizens of American Samoa are treated on a basis of equality with non-indigenous inhabitants. . . . The prevailing principles are those of equal wages for work of equal value and of employment preference for qualified Samoans" (p. 608).

U. S. colonial rule impoverishes and slowly starves the subject peoples. In Puerto Rico "in general, diets are insufficient: calories are limited; proteins inadequate . . . and the intake of vitamins . . . is poor. A disturbing number of persons come to the medical

dispensaries suffering from malnutrition. The vast majority of the people suffer from chronic nutritional deficiencies" (p. 650). And in the Virgin Islands "the median family income was about $430 for St. Thomas, and $339 for St. Croix. A government survey in November, 1946, represented the minimum requirements of 'decent living' in St. Thomas as follows: Cost per year for family of three: food $717; Total $1,398.98" (p. 671).

Hundreds of millions of dollars are spent to make a military base of Alaska for assault on the Soviet Union. But the total territorial budget for all purposes is only $15 million. Of this virtually nothing goes to meet the elementary needs of the Eskimo and Indian population. Thus, "Water supplies in Alaska fail to meet established minimum standards by 80 per cent; waste disposal systems, by 90 per cent; and garbage disposal by 80 per cent" (p. 599). There are 94,000 people in Alaska. There are ten doctors, or one for every 9,400 people (pp. 596, 599). In the United States there is approximately one doctor for every 750 persons. The health of the people in Alaska is ruined by this lack of the most elementary conditions of sanitation and medical care: "Tuberculosis is Alaska's most important health problem. In 1945 the death rate due to it was 359 per 100,000 about three times the rate in the State of Arizona (Arizona has the highest rate in the United States because it is the Mecca for tuberculosis patients from all States)" (p. 598).

The original inhabitants of Hawaii were virtually exterminated. "In 1778 the inhabitants of the Hawaiian Islands . . . numbered about 300,000. New diseases and social disorganization associated with the arrival of Europeans and Americans rapidly reduced their numbers. The number of Hawaiians has continued to decrease, until they totaled only about 10,000 in 1948 . . . the pure Hawaiian group appears destined to disappear" (p. 630).

Here we see the march of imperialist "science." The early American colonizers wiped out the Hawaiians in one hundred and fifty years by the comparatively slow methods of syphilis, alcohol, and the provocation of intertribal wars. More recently fascist German imperialism tried to annihilate the Jewish people in a few years by the faster method of gas chambers. Now, the advocates of preventive war want to attempt total annihilation of entire peoples in a few days with atomic and hydrogen bombs.

So much for the report to the United Nations. The United States uses the colonial form of rule mainly in military bases of especial importance. In some of these colonies, therefore, the main activity is directed by the military. The state apparatus of finance capital here puts into effect all of the methods and objectives of the separate finance capitalist concerns.

Consider the case of the Panama Canal Zone. The United States government under the presidency of Theodore Roosevelt seized the territory of Panama from Colombia, set up the puppet government of Panama, and established formal colonial rule over the Canal Zone. For this zone ten million dollars was paid to Panama, and later $25 million as conscience money to Colombia.

United States imperialism has made profitable use of this cheaply acquired monopoly. In 28 years $554 milion in tolls was collected, of which $272 million was profit. The canal was built and operated by the labor of the people of Panama and nearby countries. Here is how they were and are treated, according to a pamphlet issued by the United Public Workers of America:

"When our Government undertook to build the Canal, the Generals in charge instituted a system of paying wages for white supervisors and for the colored 'laborers.' They paid the white workers in *gold*. The colored workers were paid in *silver*.

"There were other interesting differences.

"The local 'silver' workers were paid as little as nine cents an hour.

"The white 'gold' workers were paid prevailing United States wages. . . .

"For the past 42 years the 'silver-gold' system has degenerated into an economic and social pattern of Jim Crow racial segregation.

"For 42 years this Jim Crow 'silver-gold' system has been built in the image of the most violent racists."[46]

Today the official wage scales paid by the United States government give "silver" workers one-fourth to one-third the official "gold" pay scale for identical work. The underpayment of the 8,000 native workers in the 1949 fiscal year amounted to more than the $20 million of receipts from tolls on ships passing through the Canal.[47]

American trade union leaders who organized the workers and led successful struggles for better wages have been thrown into prison by the military rulers of the Canal Zone.

Such is the pattern of superexploitation and repression carried out by the United States Army, acting as the front for the finance capitalists it represents.

Puerto Rico is the largest formal United States colony in terms of population. Besides its use as a military base, the people are terribly exploited by United States sugar corporations and operators of light manufacturing sweatshops. The revolt of the Puerto Rican nationalists in 1950 reflected general popular resistance to foreign rule. It is an indication that in the western hemisphere, as elsewhere, the days of colonialism are drawing to a close.

IV. THE STAKE OF WALL STREET IN THE JIM CROW SYSTEM

United States imperialism today drains profits from all parts of the capitalist world. But the original base of Wall Street superprofits, and still a larger source than any single foreign country, is the oppression of the Negro people within the United States.

In the years immediately following the Civil War the Negro people made many gains. They sat in Congress and in state legislatures, and participated with their white allies in control of various southern state governments. They fought for land ownership, the right to vote, the right to bear arms, to education, to serve on juries, and against all forms of discrimination.

But this second American revolution was not completed. It cannot be until the Negro people win ownership of the land they have tilled for so many generations, to provide an economic basis for the realization of their formal freedom from slavery. The northern industrialists who controlled the Federal government at the time of the Civil War did not want a genuine liberation of the Negro people. Their objective was to supplant the southern slaveowners as the major exploiters of the Negro people. The political course followed by the Republican Party and the army in the South was an alliance with the former slaveowners for the resubjugation of the Negro people—a precursor of the future alliances of finance capital with the reactionary landowners in the colonies and semicolonies. Their economic course was to prevent the Negro people from getting the land, to preserve the plantation system in a new set-up in which northern bankers, merchants, and manufacturers derived the lion's share of the profits from its operation, with the southern landowners as junior partners and overseers.

This process reached its peak during the decade of the 1890's when the expansion pressures of the new banking and industrial monopolies found their first great outlet in the South. It was mainly during this decade and the years immediately following that the Jim

Crow statutes of the South were enacted. New state constitutions disfranchising the Negro people were adopted. Negroes were driven out of local government bodies and the Congress of the United States. In a thirteen-year period there were almost two thousand recorded lynchings. Through terror and propaganda, the alliance between the Negroes and the poor whites was completely destroyed, and its expression in the People's Party (Populists) deprived of influence.[1]

The economic subjugation of the Negro people went along with the terror. Negro workers, who constituted most of the skilled labor force of the South after the Civil War, were systematically driven out of higher-paying jobs and kept out of entire industries (*e.g.* cotton textiles). They were rounded up for chain-gang construction work and slave-labor turpentine camps, herded into lumber camps and mines.[2] Special measures were adopted to keep Negroes from owning farms, to force more and more of them into plantation servitude and low-wage industrial labor, says Harry Haywood.[3]

At the same time, the northern bankers and industrial monopolies tightened their grip on southern economic life to extract superprofits from the oppressed Negro people, and to a lesser extent from southern white workers and sharecroppers cut off from the Negroes by economic favoritism and racist propaganda. Railroads, cotton mills, and the coal, iron, steel, and tobacco industries were all expanded and in varying degrees brought under control of northern capital. Wall Street banks and insurance companies took over a large proportion of the plantation land either directly or through their monopoly control of credit and of the commodity exchanges. By 1900 northern investments in the South amounted to a billion dollars, double the then existing volume of foreign investments.[4] In later years these holdings were multiplied and extended to new industries —oil, electric power, rayon, and chemicals—which are northern-owned even more completely than the old industries.

Thus the South was converted virtually into a semicolony of Wall Street, with the Negro workers providing most of the colonial labor.

As the Negro population grew and the demand for labor in the northern factories increased—especially in wartime—millions of Negroes were encouraged to move north, where the same magnates imposed in less obvious forms the same pattern of superexploitation

and oppression of the Negro people as in the South, the same scheme of segregation and racism to split the Negro and white workers.

SUPEREXPLOITATION OF THE NEGRO PEOPLE

As with the colonial peoples, the Negro people own virtually no industry—indeed they have only a trivial foothold in any sort of proprietorship of capital. At the same time they provide a disproportionate amount of the heavy labor from which finance capital profits. Approximately three-fourths of all nonwhite employed males in 1940 were engaged as farmers or as laborers or service workers. The corresponding proportion for whites was about one-third.*

Thus the manifold parasitism of American life, which embraces many millions of the population, and the relatively high wages of skilled workers are based in no little degree on the backbreaking toil of the Negro people on farms and in the cities.

In 1947 the median wage or salary income of white wage earners was $1,980, of nonwhite wage earners $863, or 43.6 per cent as much.[5]

This difference of more than $1,100 per year approximates the amount of *extra* income, of superprofits, which employers derive from the average Negro worker over and above the normal profits derived from a white worker. White supremacy propaganda claims that the Negro is inferior, that he is incapable of producing as much, and hence deserves to get less than the white worker. The liberal point of view reflects this propaganda. The liberal commonplace is to regard low incomes of Negroes as being solely reflections of less access to education, less opportunity to obtain skilled jobs. This point of view tacitly justifies the immediate poverty of the Negro people by accepting the idea that their low earnings reflect lower productivity.

Certainly the Negro people are deprived of equal educational opportunities to which they are entitled. But even when Negroes succeed in obtaining an education, they are not saved thereby from

* Only 1.6 per cent of nonwhite employed males in 1940 were classified as nonfarm proprietors, managers, and officials, as compared with 10.6 per cent of employed white males. In all, only 5.6 per cent of the nonwhite employed males were engaged in nonmanual occupations, compared with 30.3 per cent of the whites. (Sixteenth Census of the United States, 1940, *Population, the Labor Force, Occupational Characteristics,* Table II, p. 5.)

special exploitation. Government statistics show that in 1939 native whites who had completed four or more years of college had median earnings of $2,046. Negroes with the same education had median earnings of $1,047. Native whites who had not gone beyond high school not only earned almost twice as much as Negroes with the same degree of education, but 40 per cent more than Negro college graduates. Native whites who had not gone beyond elementary school earned more than Negro college graduates, and 70 per cent more than Negroes with equivalent education.[6]

Certainly the gross discrimination against the Negro people in job opportunities is vile enough in itself. But that is by no means the full story. By and large the Negro worker gets less pay not for less work, but for labor that equals or exceeds the labor required of the white in quantity and quality.

It is true that Negroes are segregated into special jobs, but these jobs are by no means the easiest or those requiring the least skill. On the contrary, the Negro's job is characteristically the most strenuous, the most dangerous, the most unpleasant, the most unhealthy. The classification and pay as unskilled of such Negro jobs as a chipper in a foundry has no objective justification. This job, and many others, are in fact highly skilled, especially difficult, requiring unusual stamina and resistance to abnormal conditions of temperature, etc. In the socialist Soviet Union such jobs are rewarded by specially high rates of pay, by shorter hours, by longer vacations, and the efforts of science and technology are devoted to eliminating the need for them. In the imperialist United States the "unskilled" classification given these jobs is only a rationalization for the low pay of the Negro workers, a device to propagate the myth of white superiority in order to legalize the superexploitation of Negro workers. The pretense that the principle of equal pay for equal work is observed in American industry is no less shabby than the formal statement of principles of "equality" in the report on the colonies (see Chapter III).

Gunnar Myrdal's *An American Dilemma* notes that most Negro jobs call for outdoor work, and are affected most by unemployment, seasonal layoffs, etc. Several of these jobs are characterized "by a high degree of physical and psychological disutility," and "long and strenuous muscular exertion." Because of these conditions such jobs, according to the authors, are universally acknowledged

to be even more undesirable than the most monotonous factory jobs. Here are disadvantages of some of the principal Negro jobs:

"In logging it is chiefly risk of accident and disease; in sawmills, accident risk and noise; in fertilizer plants, dust and disagreeable odors; in road construction, excessive exposure to the elements and so on."

The book states that in the toolroom of the Ford Motor Co., where wages are very high, scarcely one per cent of the workers were Negroes. But in Ford's foundry, which requires equal skill and far more intense and dangerous work for considerably lower wages, 47 per cent of the workers were Negroes.[7]

Robert C. Weaver, in his book *Negro Labor, a National Problem*, writes: "The vast majority of Negro workers in the North were in foundry and other hot, disagreeable, or relatively low wage work."[8]

A hint of the conditions under which these Negroes work is given by the report[9] of a British "productivity team" which visited United States steel foundries in 1949 as part of the Marshall Plan program for teaching Europeans the "American way of life." The British team found that 55 per cent of the 75,000 workers were Negroes; 15 per cent "other workers, such as Europeans, including Poles, Czechs and Italians"; and 30 per cent "White American workers." By the latter category the British visitors mean workers of English and Scottish extraction, whom they found in most of the high-wage jobs, the supervisory positions, and the pattern shops.

What about the conditions of the Negroes who constitute the great majority of the productive workers in these foundries, with an output per man 50 per cent to 90 per cent higher than that in British foundries? The report speaks of Negro workers engaged in "extremely arduous work with heavy hand hammers," working at such a pace that "on the blowing of the midday break whistle they lay down where they worked and fell fast asleep." It notes the lack of adequate protection against silicosis, the "sacrifice of safety for the sake of speed," the "dimly daylit shops," and the "general air of neglect of buildings which is all too prevalent." It notes the deliberate attempts of the employers to create high working temperatures, which it states the British workers would find oppressive.

All of these conditions are traced by the team to the "ruthlessness" of the employers in extracting the maximum production from

their workers, even in time of depression. Why do Negroes accept these jobs which most white workers turn down? The British visitors, themselves accustomed to exploiting people with dark skins in Africa, claim that the Negro workers get "considerable pleasure" out of this kind of work, that they work "with complete abandon and disdain of exhaustion," that they are "accustomed" to excessive temperatures. The actuality is the use of the system of segregation and discrimination to force the Negro workers into such jobs on pain of starvation. Their intense effort is decreed by the employers who, according to the report, set high work schedules which new workers must meet in 30 to 60 days or face discharge.

The Negro workers must become highly skilled at particularly difficult and dangerous work, without the help of special training, learning by trial and error and by mutual help to meet the Herculean tasks set by the employers. For these conditions, in the North, they are paid wages below the norm for industrial workers generally, below the rates paid for labor of much less intensity, actual skill, danger, etc. The fact that foreign-born workers, a minority in the foundries, are subjected to much the same conditions, merely emphasizes the contagious character of the colonial superexploitation of the Negro people, which necessarily spreads and absorbs a certain number of the least protected white workers as well.

Here are some examples from the *Census of Manufactures* for 1947 showing, incompletely, the superexploitation of Negro workers in particular industries:*

	Hourly rate
1. Sawmills in Oregon (almost all white workers)	$1.61
Sawmills in Alabama (large proportion of Negroes)	.63
2. Linseed oil mills (mainly in Minnesota, almost all white workers)	1.28
Cottonseed oil mills (southern industry, presumably large proportion of Negro workers)	.73

* Many of the examples given are regional comparisons. This is necessary because of the lack of adequate detailed data on wages of Negroes. But the regional difference in wages is not the main thing. Thus in the cotton textile industry, which is largely lily-white in the South as well as in the North, the regional differential was only 11 per cent. On the other hand, the wide difference shown above between cigarette manufacturing and tobacco stemming applies to two industries both in the same region, but with different national compositions in their labor forces.

3. Fertilizer manufacturing in North (fair proportion of Negroes)	1.13
Fertilizer manufacturing in Georgia (majority of Negroes)	.76
4. Steel works and rolling mills in Pennsylvania (some Negro workers)	1.54
Steel foundries in Pennsylvania (majority of Negroes, especially difficult work)	1.40
Gray-iron foundries in South (larger majority of Negroes)	1.09
5. Cigarette manufacturing (largely white industry)	1.12
Tobacco stemming and drying (overwhelmingly Negro industry)	.75

In agriculture the colonial-type oppression of the Negro people takes on its most extreme forms. The majority of Negro farm operators are share-tenants and croppers who pay up to half their crops in rents and who are cheated on the prices of their products by usurious interest and in various other ways. Even larger in number are the Negro farm laborers, the landless ones who are most exploited. In July 1947, the average daily wage of farm laborers in the West North Central States, where very few Negroes are employed, was $6.52. In the East South Central States, where perhaps half of all farm laborers are Negroes, the average wage was $3.24.[10] For all rural-farm white families, the median income in 1947 was $2,156; for nonwhite, $1,026—about the same $1,100 differential that was shown for nonfarm wage earners.[11]

How large are the superprofits derived by United States imperialism from the extra exploitation of the Negro people? An approximate answer may be obtained by regarding as extra profits the $1,100 difference between the median Negro wage and the median white wage, and multiplying this difference by the number of Negro productive workers in agriculture and industry. Of the 6,000,000 Negro gainful workers in 1947, approximately 3,500,000 were engaged in productive labor on farms or in industry.[12]* This number,

* Negro productive workers are considered as those classified by the Census as farmers and farm managers; farm laborers and foremen; craftsmen and kindred workers; operatives and kindred workers; laborers, except farm and mine.

multiplied by $1,100, gives a total superprofit of almost $4 billion. More recent figures show a similar result for 1948.

This calculation is restricted to commodity producers. It leaves out of account, for example, the hundreds of thousands of exploited Negro women torn from their family duties to toil as domestic servants at $10 per week in the South, $20 to $25 per week in the North (except in New York City).

Four billion dollars is a conservative estimate of the annual stake of imperialism in the oppression of the Negro people, because it completely omits an important form of superprofits. The Negro people in the United States, like people in the dependent countries, are charged prices even higher than the normal monopoly prices which prevail in this country. In the southern countryside, the Negro farm population has to pay extra prices in village stores and plantation commissaries. In the cities, the Negroes are segregated in special areas, such as Harlem in New York. Here goods of poorer quality are sold for higher prices than in other neighborhoods. The most pronounced overpricing is in the rental of dwelling space. The worst slums in New York City, owned by the largest insurance companies, mortgage companies, etc., are located in Harlem. But the rents are 50 per cent higher than in other working class areas.

The characteristic "slum-clearance" operation of American imperialism is the construction of moderate-cost housing projects for white middle class and skilled-worker families, with the conversion of undiminished slum areas more and more into special ghettoes for the growing Negro urban population. The combined forces of finance capital and its state apparatus are exerted to maintain these ghettoes, as witness the collaboration of the Metropolitan Life Insurance Co. and the New York City Administration in persecuting white tenants of the Rockefeller-dominated insurance company's housing project who tried to break down its lily-white character.

Nor can any statistical measurement encompass the misery of the semi-slave, semi-serf oppression to which literally millions of Negro Americans are subjected. The cropper families, contracted by the family, are all—including old folks, women, and little children from the age of five—forced to work in the fields from dawn to dusk. Through rigged debts and thinly disguised peonage statutes they are held near prisoners liable to arrest if they attempt to leave

the owners' farms. The migrants, no longer needed on southern plantations, are held in bondage by the labor contractors of the northern capitalist farmers. They know to the full the sufferings depicted in *The Grapes of Wrath*. Then there are the tens of thousands of Negroes arrested each year in the South for no crime of their own, but for incarceration at forced labor on the prison farms and roads, for the profits of food companies and contractors who reap the fruits of their unpaid labor.

POLITICAL ASPECTS OF OPPRESSION

The status of the Negro people in the United States still validates Karl Marx's maxim: "Labor cannot emanicipate itself in the white skin where in the black it is branded." This applies to the imperialist superexploitation of subject peoples in general, but in the case of the Negro people it occurs right in the home country, and has the most direct impact on the status of the white workers.

However, the leaders of trade unions in the United States, except for a few progressive trade union leaders, collaborate with the system of oppression of Negro workers. A number of skilled craft unions exclude Negroes outright, others indirectly through operation of the apprentice and licensing system. Still other unions segregate Negroes into Jim Crow locals with less rights and inferior union agreements. Important industrial unions fail to enforce equal rights for Negro workers, to combat discrimination in promotion and hiring by employers, to stop the last-to-be-hired, first-to-be-fired rule applied to the Negroes, to prevent the Negro workers from being assigned to the hardest and lowest-paid jobs, to permit Negro workers to hold union offices, etc. The adverse effects of this on labor generally were demonstrated when the C.I.O. southern organizing drive foundered on the rocks of Jim Crow organizing methods, and left the southern workers, Negro and white, without the protection of trade unions.

The poison of chauvinism has spread throughout the country, entered into all the currents of American life. The common people have been taught by the racist ruling class to use terms of opprobrium in referring to the Negro people and other national minorities. Starting with the color barrier of Jim Crow, the ruling classes have endeavored, and partly succeeded, in dividing all American working people into compartments based on national origin. Despite all the

talk of the U. S. as a "melting pot," politicians base their campaigns on special pleas for the "Irish vote," the "Polish vote," the "Jewish vote," the "Italian vote," and the "Negro vote."

There are still broader implications. Those who tolerate imperialist oppression of an entire people right at home are unlikely to combat the same process in South America, Asia, or Europe. Collaboration with Jim Crow in the United States leads to collaboration with imperialist expansion and aggressive war abroad, with all of its disastrous consequences to the American people as a whole, and to the workers of the United States in particular. Thus it is not surprising to find those trade union leaders who objectively support the Jim Crow system here openly supporting the entire program of United States imperialist expansion.

The oppression of the Negro people is the Achilles heel of United States imperialism. It cannot be obscured by the forms of independence, as in the semicolonies overseas. It is directly visible to all who visit the United States. It makes a mockery of all diplomatic pretensions of concern for the welfare of colored peoples in Asia and Africa. It exposes most drastically the propaganda of "the American standing of living," from which fifteen million Negro citizens are obviously excluded.

To cope with this, United States finance capital uses Negroes who are willing to front for imperialism, to give a pretense of equality that does not exist. These Negroes are not placed in positions of actual power, but in places valuable for public relations, especially with citizens of other countries. Examples are the appointment of Ralph Bunche and Mrs. Edith Sampson to United Nations positions. With similar propaganda objectives, President Truman pretends to favor a civil rights program to improve the conditions of the Negro people. He blames Congress for inaction on this program, but he has not even attempted to fight for it, to mobilize his own party machine in behalf of this program, to break with those members of his party who lead the fight against it. All this is in marked contrast with the vigor with which Truman and both the Democratic and Republican parties rush all legislation to facilitate war preparations and foreign expansion.

The government apparatus of imperialism, supposedly under Truman's direction, continues to act as an agency for the suppression of the Negro people. The "normal" pattern of segregation and

oppression of Negroes in the Army and in the civilian government continues with full force under President Truman. The federal government, under Truman, has not lifted a finger to stop the rising wave of police brutality against the Negro people, of legal lynchings of Negroes North and South. Through the operations of the unemployment insurance system and the United States Employment Service, the government helps to reinforce the superexploitation of Negro workers. For example, of nonwhites referred to jobs by the United States Employment Service in September 1949, 28 times as many were sent to service jobs as to jobs in all the relatively higher wage categories, including skilled labor, clerical and sales, professional and managerial. Among the whites, more workers were sent to the high-wage jobs than to the service jobs. Much the same pattern occurred in New York State, where there is a Fair Employment Practices Act supposed to prevent such discrimination.[13]

In dealing with countries like Italy and the Philippines, where the people threaten to end the grip of imperialism altogether, the United States government pretends to favor a program of land reform, in order to head off the popular campaign for genuine land reform. The land hunger of the Negro people in the South is just as deep, their exploitation by landowners just as brutal. But the President of the United States is completely silent on this problem, and has adandoned even the feeble rural relief programs of the previous Roosevelt Administration, carried out through such agencies as the Resettlement Administration.

What the Negro people can expect from President Truman is indicated in an interview with the journalist Arthur Krock (the question by Krock, the answer by Truman):

"*Q:* 'You favor the Fair Employment Practice Commission legislation. . . . You know intimately the condition of the Negro race and the limitations of its capacity to fill certain kinds of employment. Many believe that education will be required before an F.E.P.C. could operate even on a voluntary basis. Why then is it desirable in mandatory form, requiring that the burden of proof be on the employer?'

"*A:* 'The President would not support or continue to support any legislation which deprived a citizen of the right to run his own business, for which that citizen was responsible, as he thought best. The President does not agree that the Administration's F.E.P.C. legislation would have any such result. If he thought so, he would not be for it, and under him it will not be so administered.' " [14]

The President accepts without question the imperialist, chauvinist theories of the "racial inferiority" of the Negro people. He makes clear that he will do nothing to interfere with monopoly capital acting in accord with these theories and deriving the superprofits it does therefrom. He exposes his true purpose, which is to engage in unbridled demagogy for the purpose of deceiving the Negro people and people in other countries aware of the shame of Jim Crow in the United States.

The last fifteen years have seen an important upsurge of the struggle of the Negro people for the end of segregation and discrimination, for the end of poverty, superexploitation, and disfranchisement. This coincides with the growth of the anti-imperialist movement all over the world. In taking this course, the Negro people in the United States are turning more and more to the method of alliance with white workers and progressive forces generally. The white workers must take the initiative to realize such an alliance, in the interest of all the people of the United States.

When Negro-white unity in the South records progress, its enemies substitute force for demagogy. The Communist leader, Eugene Dennis, was jailed in 1950 for "contempt of Congress" because he questioned the right of Representative Rankin to a seat in Congress which the latter had secured through the unconstitutional Jim-Crow legislation in Mississippi.[15]

In this chapter it was shown that at least $4 billion in extra profits were derived from the labor of the Negro people in 1948, over and above the average profits of the monopolies from the exploitation of a corresponding number of white American workers. Added to the $7.5 billion of booty from abroad (see Chapter III), this sum brings the total of American imperialist superprofits from the labor of oppressed peoples to $11.5 billion per year.

V. RETARDED DEVELOPMENT OF DEPENDENT COUNTRIES

The loot of imperialism is derived mainly from *dependent* countries. The science, technique, and living standards of "western civilization" do not exist for the billion and a half inhabitants of countries subject to that civilization. These countries are "backward," or, in the polite language of United Nations diplomacy, underdeveloped.

This backwardness is deliberate. It is imposed and maintained by imperialism. It is the necessary condition of the military power and luxurious life of the ruling classes of the imperialist centers. Without it there could not be more than $11.5 billion dollars of annual tribute to American imperialism; nor the billions extracted by British and west European finance capital. Without it there could be no American standard of living under capitalism.

Capitalism, in the imperialist epoch, divides its world into a small number of ruling countries and a large number of ruled countries. The jungle law, "Eat or be eaten," which governs the competition of individual capitalists in a given country, is extended to entire nations in the epoch of imperialism. The backwardness of the many is the condition for the technical advance of the few. The increased poverty of the colonial people is the condition for the extreme wealth of the ruling classes in the imperialist countries—the condition for appeasing the resistance of the exploited people in the home countries. The armed suppression of the national liberation struggle in the colonies and semicolonies is the condition for holding back the struggle for socialism in the imperialist centers.

During the earlier stage of capitalism the flow of capital and trade from one country to another sometimes carried with it technique and economic development. As modern nations were formed in Europe, industrial development followed, a number of countries emerging with more or less similar degrees of industrial growth. Despite the attempts of British capitalists to frustrate economic development in the United States, American capitalists succeeded in

using British capital as an instrument for speeding the growth of American industry, and in defeating the British attempt to maintain the United States as an economic colony long after it had won formal independence.

Imperialism, the stage of monopoly capitalism, stifled such growth of new capitalist centers, and perfected the use of capital export as a means of economic enslavement. Imperialism broke up the old forms of society in the colonies and semicolonies. Capitalism, already beginning to stagnate in the grip of monopoly in some of the advanced countries, grew rapidly in the dependent areas. Huge mining and agrarian enterprises were built, sometimes with the most modern technique. Railroads and power plants were constructed. The formerly isolated areas were brought into the stream of world trade.

But this was a one-sided growth, completely in the hands of the monopolies of the imperialist countries and for their benefit. They appropriated the resources, land, and labor of the native peoples. They destroyed the former economic patterns and prevented the parallel general development of national industry and agriculture to provide a new means of existence for the people.

People who formerly produced their own food, now had to produce single crops for export on lands owned by foreign corporations. This made them dependent on the imperialist country for their foodstuffs under terms which meant chronic semistarvation.

Alongside of highly advanced petroleum and metal installations producing for export, there remained only primitive handicraft metal-working establishments for home use, giving rise to a chronic lack of metal products and fuels. Alongside of the huge plantations of the United Fruit Co., with their overhead irrigation systems, railroads, and mechanical loading of ships for export, there remained the predominant use of wooden tools for agriculture—and a reduced area on which to apply them.

Alongside of huge accumulations of colonially produced wealth in the money centers of the world, there remained a chronic shortage of capital for home use and a growing indebtedness to the imperialist bankers. An official of the United States Department of Commerce expresses this as follows:

"Latin Americans frequently refer to their countries as being still in the colonial stage of development, meaning that their economies con-

tinue the pattern of the colonial era—that they are economically and financially dependent upon the more highly developed nations. The chief visible tests of the so-called colonial status are, first, that Latin American countries are, on net balance, debtor countries and many of the leading enterprises are foreign-owned, and, secondly, that the foreign trade consists principally of an exchange of Latin American raw materials for the manufacture of the industrial countries. For example, most of the railroads have been developed to transport raw materials to tidewater, and none of the countries has a truly national transportation system. Most of the large public utility and communication systems are foreign-controlled, and likewise the principal mineral enterprises are in foreign hands."[1]

In 1948 total crude steel production in all of Latin America equaled about a million tons; in continental Asia outside Manchuria and the U.S.S.R., about a million and a half tons; in Africa less than one million tons. The combined steel production of these continents, with the bulk of the world's population, was about one-thirtieth of the production of the United States and about one-twentieth of the production of capitalist Europe.

Machinery production is still less developed. Only a handful of colonial and semicolonial countries produce anything beyond the simplest tools.

For all practical purposes there is no heavy industrial basis in these areas, without which there can be no economic advance and no gain in living standards.

The textile industry is one of the few industries that is permitted any development in the semicolonial areas. This consists mainly of the substitution of factory production for the former home weaving, as in the earliest stages of European capitalism.

But even the textile industry is underdeveloped and backward. In Latin America in 1945 there were 4,400,000 cotton spindles as against 28,100,000 before World War II in the United States. In India, with eight times the British population, there were 9,700,000 cotton spindles as against 41,400,000 in the United Kingdom.[2]

The industrial picture has a counterpart in agriculture, which remains the occupation of the overwhelming majority of the people of the underdeveloped countries. Imperialist corporations drain the maximum returns from the best land, while the native peasants struggle against feudal rents and worn-out soil without fertilizer or irrigation and with the most primitive tools.

In Brazil, after World War II, annual per capita tonnage of

grain and bean production was about one-fifth that of the United States.[3] Despite the gross inadequacy of food production, the value of the three main export crops—coffee, cotton, and cacao—amounted to more than half the value of crops raised mainly for domestic consumption.[4]

The fertility of the most accessible land has been largely destroyed by the one-crop system of agriculture, especially in coffee. As for mechanization, the report of a U. S.-Brazilian commission said:

"Brazil is just beginning to pass from a 'hoe-agriculture' economy. Only about one-fourth of the farms have machinery except for simple hand tools. Even in 1947 only 99,326 plows were in use [in a country with 360,000 landholdings in 1930—*V. P.*]. As for tractors, reports indicate that the number in use on farms is still not much above 3,500."[5]

This report attributes backward agrarian technique to various factors of which two are worth mentioning: First, "the small size of so many of the farms." The other side of this is the giant size of a few farms; in short, this means the feudal land system which imperialism perpetuates. And second, "the expensiveness of imported tractors and other equipment, also of gasoline and oil." This is a condition imposed by United States monopolies, interested in keeping Brazilian agriculture backward and, as we have seen, in deriving superprofits from the sale of commodities above value.

The situation is similar in Turkey, where United States finance capital has largely replaced the Deutsche Bank as the dominant imperialist force. A *New York Times* foreign correspondent writes:

"Broadly speaking, Turkey has come around to the anomalous stage of development where much of her agriculture is still practiced according to ancient methods approximating those of the original Hittite settlers, while at the same time the government has been planning other projects in terms of the jet and atomic age."[6]

That is to say, the Truman Doctrine has an interest in Turkey as a military base for the bombing of the U.S.S.R., and as a "hard crust" around the Middle East oil holdings—but not in improving the lot of the peasants still scratching the earth with wooden tools.

The general crisis of capitalism after World War I affected the dependent countries as well as the imperialist centers. By 1929 the extension of capitalism in the dependent countries, on the distorted

imperialist basis, had approached its limits. Throughout the ensuing period of economic crisis, chronic depression, and world war, the dependent countries joined in the general stagnation of the imperialist centers. This is illustrated by the development of railroad freight traffic by continents over the twenty-year interval 1928-48, since the volume of goods moved is a general indication of the level of economic activity:

RAILROAD FREIGHT TRAFFIC[7]
(billions of net ton-kilometers)

	1928	*1948*
World (except U.S.S.R.)	1024	1392
North America	703	1031
Europe	221	220
Asia	61	78
Africa	15	29
South America	18	23
Oceania	7	11
U.S.S.R.	81	438

Four continents combined had, in 1948, two-thirds the freight traffic of Europe, and one-seventh the freight traffic of North America. But more significant than the absolute disparity is the lack of relative gain in the undeveloped areas.

Between 1928 and 1948 the ratio of freight traffic in South America to that in North America actually declined, from 2.5 per cent in the earlier year to 2.2 per cent in the later year. On a per capita basis, the volume of freight traffic in South America declined absolutely. The relative advantage of North American freight traffic increased in relation to Asia and Europe also. Indeed, the economic decay in capitalist Europe, the first stages of its transition to dependence on the United States, is shown by the absolute drop in freight traffic in western Europe. Of the undeveloped continents, only Africa showed a "significant" increase, doubling its trivial freight traffic over the twenty-year interval.

POLITICAL AND CULTURAL DOMINATION

Capitalist political development in the colonies and semi-colonies, like capitalist economic development, has been distorted

and incomplete. Democratic rights won by the working classes of the advanced countries—the right to vote, to form working class political parties, to certain safeguards against police terror, to form trade unions, to strike—were not won in the dependent countries.

With few exceptions, the right to vote is limited to the wealthy classes. With few and temporary interruptions, the Communist parties, trade unions, and peasant movements have been illegal. With few exceptions, the unbridled use of police terror against the people has prevailed. With few exceptions, strikes have been met with armed force.

Moreover, parliaments and elections in the dependent countries do not involve genuine national state power, even for the wealthy classes. In the colonies, as in Puerto Rico and some of the British possessions, legislatures act within a rigid limit, subject to the open supervision and veto of the governing imperialist power.

In the semicolonial countries, as in Latin America and the Middle East, elections are held primarily to "legalize" the regimes of dictators imposed by armed force, and the function of parliaments is to formalize their decrees. The armed coups and palace revolutions of Latin America are a necessary part of the politics of imperialism. During the peak of struggle between British and American imperialism for domination of Latin America, these conflicts sometimes extended into protracted and bloody civil wars and even crossed state boundaries (as in the Chaco war between Bolivia and Paraguay in 1932-34). Many of them were barely disguised battles between the competing imperialist overlords.

Today the Latin American coup d'état generally has a different character. It reflects the struggle beween various ruling class groups for the "right" to act as comprador for United States imperialism. Moreover, the growth of popular struggles periodically leads to the temporary existence of a government which tries to reduce the extent of dependence on imperialism and to increase the power of the native bourgeoisie. Such governments are virtually doomed to armed assaults by groups backed by United States imperialism.

Since World War II, assaults of this character have occurred in Brazil, Costa Rica, and Venezuela, and as of 1950, one was being prepared in Guatemala. In other countries, as in Chile and Mexico, formal coups d'état were unnecessary. Ruling parties which had taken slight steps towards mitigating imperialist domination capitu-

lated and became more or less willing agents of United States imperialism.

Of course, it is the custom to deny United States participation in the installation of reactionary regimes in Latin America. But the decisive role of United States imperialism is proved by the fact that almost without exception, governments are direct army dictatorships, and that these armies are supplied with munitions by the United States and trained by United States military missions. Under these conditions, it is clear that North American generals can decide when a Latin American "revolution" is necessary.

A concrete example of how United States imperialism rules the supposedly "independent" republics of Latin America is contained in a dispatch to the *New York Times* from Nicaragua dated January 31, 1947:

"Under the guns of 4,200 members of the Guardia Nacional, more than 200,000 Nicaragua voters will go to the polls Sunday to elect a successor to President Anastasio Somoza. . . . The Guardia Nacional, with the rest of the population disarmed, is thus the sole arbiter of the election. . . .

"The Guardia Nacional is clearly the policeman of Nicaragua. It originated in the late Twenties as an outgrowth of the United States Marines' occupation. General Somoza first attracted the attention of Washington by his efficient development and leadership of it. Since 1940 the National Military Academy of Nicaragua has been directed by a United States officer."[8]

Thus the disguised U. S. military dictatorship, which began in 1909—when the Marines first invaded Nicaragua and installed a Nicaraguan bookkeeper in United States employ as president—continues to this very day.

The political domination of some Latin American republics is not limited to general control of subservient rulers, but includes detailed regulation of important aspects of the country's life. Thus, when rich new oil fields were discovered in the interior of Peru, the Peruvian government in 1947 hired the United States firm of Hoover,* Curtis, and Ruby to draft the law under which these de-

* The Hoover in this firm is the son of former President Herbert Hoover. The firm did a similar job for the Venezuelan government in 1943. The account of the Peruvian legislation is contained in an article by Dr. J. E. Rassmuss, "Peru Looks to Extensive Oil Development," in *World Petroleum,* August 1947.

posits would be turned over to United States oil companies. The draft provided low royalties and a revision of the Peruvian tax law to free the oil trusts from paying income taxes. The Peruvian government then turned the draft law over to the United States oil companies for their direct approval. The only hitch in this case was the refusal of the Peruvian Congress to ratify this legislation, a reflection of popular resistance to imperialism which dominated Peruvian politics for years thereafter.

The complete lack of control over internal affairs by the Philippine government and legislature was proved in 1950 when the report of the United States Economic Survey Mission to that country included a complete blueprint for Philippine economic legislation, and a task group of United States officials was sent to the Philippine Republic to write that legislation.

The old struggles between British and United States agents, once characteristic of Latin America, are now going on in the Middle East, formerly a sphere of British and French domination. During 1949, in Syria, there were three coups d'état, involving agents of competing British and American oil interests, with a reshuffling of concessions after each palace revolt.

Historically the distortion and repression of political development in the dependent areas coincided with the decay of bourgeois democracy in the imperialist centers in the period of the general crisis of capitalism. Last to obtain, however incompletely, a measure of bourgeois democracy, the dependent countries were the first to be hit by the most ruthless fascist repression. To the normal force and violence against the working people were added the trappings of fascist shirt organizations, Gestapo-type tortures, chauvinist incitations, and extreme forms of state monopoly capitalism in Chiang Kai-shek China, in Brazil, and to a limited extent in Argentina.

Fascism received a severe setback in the dependent countries as well as in the entire world as a result of the military defeat of the German, Italian, and Japanese fascists. But today United States imperialism, rather than German imperialism, is speeding the imposition of fascism in the dependent countries. Greece and Chile are outstanding examples.

Along with the suppression of independent economic and political development, imperialism suppresses the national culture of the colonies and semicolonies. United States imperialism uses particular

methods for attempting to impose the ideology of a moribund system on the people it exploits. They are the motion pictures, comic strips, pulp magazines and other periodicals, radio, and high pressure advertising. These methods combine the attempt to demoralize resistance and win supporters in the semicolonies, with the reaping of large profits by important sections of finance capital. The Hollywood movies picturing America as a land of rich people in shiny limousines and modernistic mansions, extolling gangsterism and murder; the Coca Cola signs which disfigure the landscape from Caracas to Cairo—these are the hallmarks of present-day imperialist culture.

The economic gains of United States imperialism have been matched by its cultural penetration. Between 1939 and 1948 the footage of motion pictures exported from this country increased 90 per cent. As of mid-1949 the Department of Commerce was able to boast that throughout the capitalist world "Nearly Three-Quarters of All Features Shown are U.S. Productions." Hollywood claimed 56 per cent of all screen time in Europe, 64 per cent in South America, 82 per cent in the Caribbean area, 62 per cent in Africa, etc. Foreign sales brought Hollywood companies 38 per cent of their income, and virtually their entire margin of profits over costs. The linking of propaganda with the drive for profits of finance capital as a whole is explained by officials of the Department of Commerce who write:

> "Hollywood has been illustrating the American way of life and unquestionably has been a potent force in helping arrest the inroads of totalitarianism. . . . When movie patrons abroad see the clothing worn by our people, the electrical labor-saving gadgets that the housewife is using in her neatly laid-out home, and the comfortable, smartly styled furniture . . . the way is smoothed for United States exporters."

The writers are unconcerned with the fact that the life of the wealthy people and gangsters pictured in these movies is quite different from that of the majority of United States citizens, or with the fact that most of the foreign movie-goers can afford none of the luxuries exhibited. They announce the new slogan: "Trade follows the film."[9]

People in the dependent countries are not only pressured to buy United States goods, and to think as Wall Street would like, but

even to abandon their eating habits to conform to the profit interests of the masters. In 1950 the *Wall Street Journal* announced that: "American Pop Pours in a Swelling Flood Down Throats Abroad." The article explains that during World War II:

> "Pop rode the tanks, trucks, jeeps, planes and ships of the U. S. fighting forces into dozens of places where it had never before penetrated. . . . When the Americans pulled out for home, the cola, ginger ale and fruit beverages started crowding German beer, Italian vino and Jap [sic] saki for popularity with local palates. The story was similar in non-enemy countries."

Coca Cola has increased its bottling plants outside of the United States, Canada, and Cuba, from 65 in 1939 to 275 in 1950. Similar gains have been made by other soft-drink companies.[10]

The Economist describes the prevalent illiteracy, poor health conditions, and atrocious living conditions of the Venezuelan people, and the destruction of their industries by the oil companies, alongside of the everywhere visible signs of United States influence. According to this journal, the ruthless exploitation of Venezuelan oil "has created a lop-sided economy and imposed an artificial semi-Hollywood 'civilization' on a largely primitive community."[11]

The same might be said for almost every capitalist country today; indeed, the civilizations suppressed include some of the most advanced achieved in the past by capitalist society.

REASONS FOR RETARDED DEVELOPMENT

The only thing that holds back dependent economies is imperialism—the network of economic, social, political, and military conditions which comprise imperialist relations between the great powers and the "backward" nations.

Expert reports on the underdeveloped countries stress the shortage of capital as a factor holding back economic development. True enough. But why the shortage of capital? With American, British, and Dutch monopolies owning the major sources of income of the underdeveloped countries, the capital is inevitably accumulated by these monopolies, not by the weak native capitalists.

We may see this concretely in the case of Latin America. As noted in chapter III, United States finance capital extracted as superprofits one-fifth of the total commodity production of Latin Amer-

ica or, what amounts to the same thing, about 14 per cent of the national income, calculated according to capitalist standards. Additional booty was taken out by European imperialists.

In the advanced capitalist countries it is unusual for net private investment to exceed ten per cent of the national income. *Thus the portion of income which would normally go to expand capacity, and a large part of that which should go to replace worn-out equipment, is drained away from Latin America.* This is the basic reason for the shortage of capital which hampers industrialization.

Secondly, the small amount of potential capital saved is largely sunk into real estate and luxury living for the ruling classes in the underdeveloped countries. This is not difficult to understand when one considers the main sources of income of the native ruling groups. Rural and urban landlordism, trade, and government bribes and salaries are more important sources than native industry. Large sections of the bourgeoisie are dependent in one way or another on the foreign corporations. They may live off the taxes or royalties paid by these corporations to the government. They may live as sales agents for products imported from the imperialist centers. They may live from the bribery and corruption which these corporations promote, and which have made a mockery of labor laws, customs regulations, etc., in Latin America.

Similar obstacles were overcome in the early stages of capitalist development. But they become decisive under conditions of imperialist domination.

The incredible poverty imposed by imperialism on the masses in the dependent countries is another major barrier to the development of industry. Certainly, capitalist industry was built on a class structure, with extreme wealth at one pole and bitter poverty at the other. But imperialism, by intensifying the polarization of wealth, by expropriating the small proprietors en masse on a scale not approached by the enclosures in England, by setting semi-slave wage scales for labor, by violently repressing labor organization, so reduces the consuming power of the population that the mass market needed for modern capitalist industrial development cannot exist in the colonies and semicolonies.

A further reason is the monopoly of industrial equipment and patents in the hands of the imperialist trusts. Even when capitalists in the undeveloped countries succeed in accumulating enough

capital, even when they desire to construct basic industrial enterprises, they often find it physically impossible to purchase the needed equipment and to acquire the necessary patent rights in the imperialist countries. The open embargo on export of industrial equipment to the U.S.S.R. and the socialist countries generally is matched by a hidden, but scarcely less effective embargo on the export of the industrial equipment needed to create nationally owned industry in the dependent countries.

The international equipment cartels described in Chapter II conspire to prevent the development of basic industries in dependent countries. Prior to World War II the steel cartels thwarted attempts of native capitalists to construct steel mills in Norway, Greece, and Turkey. The German trusts, which planned to conquer these countries, took the lead in preventing their development.[12] After World War II the initiative passed to the American imperialists, who had replaced the Germans as the most aggressive. Paul Hoffman, Marshall Plan chieftain, publicly admitted his intention of hampering development of a Greek steel industry, just as the German Stahlwerks-Verband had done privately a decade earlier.[18]

A further means of preventing the industrialization of semicolonial countries is the crushing of local industries by imports from the imperialist centers. Within the United States the Standard Oil trust is notorious for its interruption of high monopoly prices with the most extreme price cutting in specific localities where competition temporarily arises. The same methods are applied internationally. To facilitate their use, the State Department has for more than fifteen years pressed its Trade Agreements Program, which seeks to force weaker countries to reduce their protective tariffs and other restrictions on United States monopoly imports.

United States capitalist industry got its start behind a wall of protective tariffs. But in the epoch of imperialism weak countries are prevented from erecting effective tariff walls. In the Chapultepec Agreement of 1945, the Latin-American countries were forced to accept a resolution agreeing to limit their use of tariffs; and in subsequent trade negotiations, they had to make important reductions.*

* The ex-State Department official, the late Laurence Duggan, who himself takes an ambiguous position toward Latin American industrialization, was forced to admit of the Chapultepec Agreement: "The provision on tariffs was more satisfactory to the United States than to Latin American countries.

Finally, backwardness of political institutions acts as a barrier to economic advance. In the words of a Lebanese diplomat, George Hakim, the undeveloped countries need ". . . no less than a social revolution involving the transformation of a semifeudal reactionary social order into a new industrial system under which the forces of production can develop and expand freely so as to raise the standard of living as a whole."[14]

ATTEMPTS AT INDUSTRIALIZATION IN DEPENDENT COUNTRIES

While large sections of the ruling classes in the underdeveloped countries are essentially compradors for imperialism, other sections of the bourgeoisie seek within certain limits to develop their national economy, while retaining capitalist class rule and not completely breaking with imperialism. As the national liberation movement in the underdeveloped countries spread during the 1930's and 1940's, these elements sought to win leadership of these movements, to divert them from revolutionary channels into programs of economic development which involved collaboration with imperialism. The native capitalists in India, Egypt, and a number of Latin American countries put forward "five-year plans" and "development corporations."

In Venezuela, Romulo Betancourt was swept into power in 1945 by the working class on a program which called not for expropriating the foreign oil companies, but for building Venezuelan-owned oil installations to compete with them. In three years his government was unable to make the slightest start toward establishing its own oil industry. The "national liberation" actions of the Betancourt government were limited to increasing the rate of taxes on the oil companies—but not without a return to the companies, as brought out by the Foreign Policy Association:

"In compensation for higher taxes, however, the Venezuelan government used its influence to keep labor peace in the oil fields—at the cost of a bitter struggle with Communist-controlled unions. These were years of

To the latter, it seemed disingenuous that the United States should first build up its own industries under tariff protection and then frown on other countries for doing likewise . . . some industrialists as well as labor leaders such as Lombardo Toledano took alarm. They accused the United States of intending to discourage industrialization so as to avoid competition and to preserve Latin America as a dependent source of raw materials." (Laurence Duggan, *The Americas*, New York, 1949, pp. 155-56.)

unparalleled production and expansion in the industry, when the companies reinvested close to half a billion dollars of their profits in capital expansion."[15]

Bigger bribes for the native bourgeoisie—worse exploitation and repression for the native workers.

Groups like Betancourt's Accion Democratica play the same role in the semicolonies as the Social Democrats do in the advanced capitalist countries. They divert the people from fundamental struggles and split the working class movement in a period of upsurge of the national liberation struggle. Then, their function fulfilled, they are discarded for the openly reactionary, completely subservient agents of imperialism. The political leader of the Venezuelan right, Lopez Contreras, went to the United States, whence five attempts at a counterrevolution were organized. Finally, in November 1948, the Accion Democratica regime was overthrown, and the old gang of landlords and direct imperialist agents reinstated its military dictatorship. Lopez Contreras, Medina Angarita, and other reactionary officials and their families were rewarded with $21 million in compensation for "confiscation" by the Betancourt regime.[16] What had been confiscated were the crumbs which otherwise would have gone to the temporarily ousted group out of the hundreds of millions of profits taken from Venezuela by the oil trusts during the interval Contreras and company were out of office.

During the chronic depression of the 1930's, it was unnecessary for the imperialist states to take much direct action to prevent industrial development in the colonies and semicolonies. The low prices of colonial raw materials and the general stagnation of capitalist world markets were sufficient to prevent any development.

But with the beginning of World War II the United States and Britain needed the assistance of India, Africa, Latin America, etc. Wherever there was a strong national liberation movement, imperialists made promises in order to obtain voluntary co-operation or, where that was impossible, as in India, to lessen resistance. India and the Philippines were promised independence—after the war. Latin America was promised aid in economic development through large-scale Export-Import Bank loans—after the war. In return, these countries had to supply, *immediately*, military bases, raw materials at moderate prices, and in some cases armed forces.

During the war almost all equipment required for economic development was refused the Latin American countries on the grounds that it was needed to prosecute the war. This was far from true. As is well known, during World War II, considerable quantities of machinery were diverted to unessential uses, and still larger quantities to uses which were essential only in the sense of increasing the general industrial base—*e.g.* electric power facilities, steel mill facilities, etc.

During World War II, the United States found the reserves to expand its steel capacity by ten million tons. But virtually no steel-mill equipment could be spared for Latin America. Hundreds of thousands of tractors were delivered to United States farmers, but very few could be spared for Latin America, where near starvation resulted from wartime shortages of food imports. Essentially, wartime industrial development in Latin America was limited to light industries, especially textiles, where native capitalists were able to expand even with inefficient, second-hand equipment owing to the withdrawal from the market of European and North American goods.

After World War II new excuses were found for holding back the industrialization of Latin America, India, and other undeveloped countries. The United States was "too busy" with the Marshall Plan, with intervention in Greece, Turkey, China, etc. Latin America would have to wait for Export-Import Bank credits.

Latin American capitalists were permitted to spend their wartime accumulations of dollars and gold for automobiles, refrigerators, and other luxury goods at fancy prices. But when it came to the purchase of new equipment—that was another matter. The order books of the United States equipment makers were "solidly booked" for years in advance with domestic orders. There was no room for foreign orders.

The real obstacle was something quite different. American machinery manufacturers operated throughout the period after World War II at far below their wartime peak rates of production. It would have been easy to fill foreign orders.

The real point is the close financial connections between the oil manufacturers and the makers of oil-well equipment, between the steel manufacturers and the makers of steel-mill equipment; in

short, the basic policy of imperialist finance capital of *preventing* the economic development of its colonies and semicolonies.

There was never any shortage of equipment for export to be used by American monopoly corporations in their overseas operations. On the contrary, there was quite a scandal in 1947 when the United States Steel Company agreed to supply huge quantities of pipe to the oil trust in Arabia, while refusing pipe to competitors in the United States. There was a shortage of equipment for export only to competing industrial groups—the capitalists of the underdeveloped countries and, even more stringently, the peoples of the U.S.S.R. and the People's Democracies, whose rapid growth threatens the industrial supremacy of United States finance capital.

Let us look at the case of Venezuela. The National City Bank advertises: "Venezuela's oil pays for U.S. machinery to develop resources."[17]

Yes, but what kind of machinery!

In 1947 the United States exports to Venezuela in the major group of "machinery and vehicles" were valued at $178 million. Quite a bit for a small country. But of this total, $111 million consisted of items such as mining, well, and pumping machinery for the use of the big oil companies, or passenger automobiles for the use of oil company officials and the native ruling group. Only $11 million consisted of items required for industries that were at least in part owned by Venezuelans. Total shipments of agricultural machinery to this country suffering from growing shortages of home-produced food amounted to less than ten million dollars.[18]

Another example: United States exports of steel-mill products to Venezuela in 1947 included $17.1 million worth of oil-line pipe, used by the oil companies to take out their booty—and $0.6 million worth of steel rails and accessories, so sorely needed if the country is to develop an adequate transportation system for its own use.[19]

Perhaps the most brazen refusal to sell industrial equipment was the embargo against the Mexican petroleum industry. In 1938 the Cardenas regime, which carried the struggle for increased national independence further than any other Latin American government, expropriated the British and American oil properties—but not the more important United States metal interests. Despite the fact that the oil companies had taken out in profits many times their

actual investment, the Mexican government paid these companies liberally, according to terms negotiated for the oil companies by the United States government.

But this has not satisfied the United States oil companies, who have never given up their determination to win back the oil fields and refineries of Mexico, including those formerly owned by British monopolies. The tankers, controlled directly or indirectly by the Anglo-American oil companies, refused to move Mexican oil on the high seas, so that foreign markets were almost completely lost. Drilling equipment, pipe, and other items needed to keep existing installations in condition and to drill new wells, were completely embargoed.

It is a tribute to the skill and the true national loyalty of the Mexican workers and engineers that, with incredible ingenuity in using makeshift appliances, they were able to keep the oil industry in operation, to maintain production at the 1938 level, and even to increase it 25 per cent in the late 1940's. After the retirement of Cardenas, the Mexican government moved to the right. Mexican capitalists, fearful of their own workers, moved toward increased dependence on United States imperialism.

In 1947 the Mexican government negotiated with American capitalists for assistance in obtaining new drilling equipment, without which the oil industry would die out as old wells were exhausted. One company, that of J. Edward Jones, a large Texas concern engaged in prospecting and drilling, made a contract with Pemex, the Mexican state oil monopoly. This contract provided that Jones would receive 30 per cent of the oil from all new wells he drilled. But the contract was worthless.

Jones suddenly found his sources of supply dried up. Not a piece of equipment, not a yard of pipe, could he buy for his Mexican operations. The next year Pemex concluded drilling contracts with large American oil companies. It was not that the Mexicans were unable to do their own exploration and drilling—they were quite capable—but this was the only way to get drilling equipment into the country. But Pemex had to pay. The contracting companies get 15 per cent of all oil produced in new wells as profit, plus 50 per cent as payment for expenses, or a total of 65 per cent of the oil produced. In return some second-hand drilling and auxiliary equipment was admitted into Mexico.

With these agreements concluded, Senator Antonio Bermudez, director of Pemex, came to the United States to seek a government credit and free access to the purchase of steel and equipment in the United States. The negotiations lasted almost a year. The State Department consulted daily with the leading oil combines to get its instructions. These were clear. Exorbitant fees for drilling Mexican-owned wells were not enough. The oil companies would settle for nothing less than the right to own Mexico's natural resources. Secretary of State Acheson dutifully transmitted the terms. Senator Bermudez, to his credit, rejected them.

And it was still impossible for the Mexican oil industry to purchase adequate supplies in imperialist countries.*

In a very few cases the United States imperialists had to make small concessions to basic industrialization in Latin America in order to assure the supply of certain raw materials. The most important of these is the Volta Redonda steel works in Brazil. In return for a shady deal by which the iron mines of Rio Doce were transferred from British to scarcely veiled United States control, and in return for important manganese deposits, the United States supplied Export-Import Bank credits, equipment, and engineering "services" to Brazil for this national steel mill.

Opened in 1947, the mill produced about 300,000 tons of steel ingots and 227,000 tons of rolled steel in 1949. Volta Redonda required a capital investment of more than $100 million. In the United States this sum would have bought a million tons of steel

*United States exports of oil-line casings and pipe in 1949, after the supply to Mexico was eased for United States companies with drilling concessions, were as follows:

	(millions of pounds)
Venezuela	255
Saudi Arabia, Bahrein, and Kuwait	254
Canada	145
Mexico	29

The prices charged Mexico for these limited supplies were 15-25 per cent higher than prices for corresponding products charged the other specified countries, where operations are carried out by the Anglo-American combines. (U. S. Department of Commerce, Foreign Trade Report, No. FT 410, Part II, 1949.)

capacity, with corresponding pig iron and simple finishing facilities.

The difference must be attributed largely to the sky-high prices charged by United States corporations for equipment, engineering, etc.

But not all is well with the new steel mill. It remains at the mercy of the United States. In return for the Export-Import Bank loan of $45 million two representatives of the bank sit on the five-man Board of Directors. Interest on the loan costs $8 per ton of rolled steel produced. A score of United States experts occupy key technical posts. The experts forced a shift from planned use of Brazilian coal to two-thirds use of United States coal. They saw to it that Brazilian steel costs so much that imported United States steel can undersell it by 30 per cent, and North American steel trusts can swamp Volta Redonda at their pleasure.[20]

In return for the continued supply of Chilean iron ore to the Bethlehem Steel Co., and the repression of labor in the copper-mining industry for Anaconda and Kennecott, United States finance capital had to agree to "assist" Chile in starting a steel industry. The Concepcion steel mill in Chile has been taken over by Wall Street even more completely than Volta Redonda.

Construction and management of the plant has been turned over to the Mellon-controlled Koppers Co. The "brilliant" engineering of this outfit has succeeded in running the cost up to more than 50 per cent over the amount estimated in 1947. The Chilean government had to come begging to the Export-Import Bank for additional loans to cover the difference. The capital cost per ton of annual capacity is now estimated at $500, even more than in Brazil. Koppers not only controls operations, but is the largest private shareholder. U. S. copper mining companies also own shares in this Chilean "national" steel plant.[21]

In the case of Mexico, the Mellon-dominated Armco Steel Co. has a fifteen-year contract for the new steel mill, Altos Hornos de Mexico, while the second largest existing company, La Consolidada, was bought from Mexicans by United States capitalists.[22]

To summarize the tiny gains of the Latin American steel industry: The much-vaunted "know-how" of the imperialist engineers, when applied to Latin America, proved to be skillful sabotage, which ran up an impossible burden of capital costs and forced con-

tinued dependence on United States raw materials. The "financial assistance" of imperialism proved to be a means of converting projects for *national* development into projects controlled by United States finance capital, and effectively operated by specific North American monopolies.

The light industries which were expanded in underdeveloped countries during World War II have already been set back by competition from the up-to-date mills of the imperialist countries. Let us look at the situation in the textile industry in Brazil, where "The principal mills have been operating from sixty to seventy years, and the machinery in most instances is old and inefficient as compared to modern equipment."[23]

Cotton cloth production in Brazil increased from 70 million meters monthly during 1938 to 125 million meters per month in 1942 and 1943, but dropped back to 88 million meters per month in 1947. Exports of cotton goods from Brazil jumped from three thousand metric tons per year in 1937-39 to 24 thousand metric tons per year during the war years of 1942-45, but dropped back to six thousand metric tons in the first ten months of 1948.[24]

Hernan Santa Cruz, permanent Chilean representative to the United Nations, noted that despite the advantageous fact that Latin America was not directly involved in World War II:

> "Per capita industrial production, for all practical purposes, remained at the 1938 level, and Latin America has not made the slightest progress in industrialization over a period of ten years. . . . The increase in agricultural production applies principally to agriculture for export; agriculture for internal consumption continues to be carried on by unprogressive methods and . . . there has been no appreciable improvement in the food supplies for the population."[25]

The bourgeoisie of Latin America, attempting economic development *without* the working class, *without* a consistent struggle for national liberation, succeeded only in deepening its dependence on imperialism.

Things are no better in the Far East. According to the United Nations *Economic Survey of Asia and the Far East, 1948,* industrial production in the Far East remained well below prewar or wartime levels in that area.[26] Only in the Chinese People's Republic is there an economic revival, and the beginnings of genuine industrialization, based on a complete break from imperialism.

In Iran the situation is indicated by *New York Times* correspondent C. L. Sulzberger, who reported:

"Bankruptcies of small businesses are increasing weekly. Workers are employed fewer days a week. Total unemployment is spreading.

"Although Teheran is in the midst of a building boom and one sees many new American cars in this city of almost 1,000,000—belonging to the small wealthy class—there is a flight of capital to 'safe' banks abroad. A policy of encouraging foreign imports has hurt the nation's own industries. . . . The Moscow magazine *New Times* was accurate in writing: 'Dozens of factories in Isfahan, Yezd, Bushire, Tabriz, and other places have shut down or are about to do so. Hundreds of small and medium-size handicraft establishments have been ruined or are on the verge of bankruptcy, thousands of Iranian workers, small artisans and clerks are without jobs.' "[27]

Such are the fruits of Wall Street military assistance to "save Iran from Soviet aggression" and of the stay of the "tough diplomat," George E. Allen. These are the first results of the seven-year plan written for the Iranian government by Overseas Consultants, a combine of leading United States engineering firms.

Today, throughout the colonial and semicolonial world, all attempts at national development without a consistent struggle against imperialism end up in one way—aggressive American imperialism seizes and distorts the national development plans. It imposes more Wall Street-controlled enterprises (or Anglo-American enterprises) producing for world markets with highly efficient modern equipment and semi-slave labor, while ruthlessly attacking the stagnant or deteriorating nationally owned industry, which struggles for existence at an incredibly low level of development.

THE "BOLD NEW PROGRAM"

On November 8, 1949, Harry S. Truman told an audience of Democratic Party women:

"We are somewhat famous for . . . technical knowledge. . . . What I propose to do is to present to the peoples of the world that know-how and that knowledge . . . for the welfare and benefit of the inhabitants, and not for their exploitation. That is what Point Four means.

". . . I stand in my office and look at a globe which General Eisenhower gave me . . . the one he used to win the war in Europe.

"I see immense undeveloped rivers and valleys all over the world that would make T.V.A.'s and Columbia Valley developments.

"The Euphrates and the Tigris rivers can be brought back and turned again into the Garden of Eden. In the time of Nebuchadnezzar, that valley supported from twelve to twenty-five million people, all the time, in luxury—and can do it again. . . ."[28]

This is not the first imperialist promise to dependent people, although it may well be the most extravagant. Throughout the history of imperialism, the rulers have carried on their exploitation behind a fig leaf of concern for the well-being of the exploited.

President McKinley justified annexation of the Philippines as a duty in order to "uplift" and civilize" and "christianize" the Filipinos. As shown in Chapter I, the only "uplift" was in the profits of United States companies which seized control of the Philippine economy.

When Harvey Firestone, the Akron rubber magnate, moved into Liberia in 1925, he did so with an outburst of publicity about the welfare schemes that would bring civilization to the people of Liberia. But 25 years later the only civilization added to Firestone's rubber plantations were United States naval and air bases and an iron ore mine of the Republic Steel Co. The workers on the plantations were still conscripted from the native tribes in the customary manner of African forced labor; they were paid the typical African wage of 18 cents per day; and they were shot down in 1950 when they struck for a wage increase of three cents per day!

During the 1930s President Roosevelt's Latin American expert, Sumner Welles, developed the "Good Neighbor Policy," supposedly an abandonment of "dollar diplomacy" in favor of "unselfish aid" to Latin American economic advancement. The diplomatic correspondent Blair Bolles correctly wrote in 1939: "Actually the American policy always calls for dominating Latin America from the Rio Grande to Tierra del Fuego. It remained for Welles to evolve a methodology which would camouflage the United States policy as a hemisphere excursion into higher co-operation."[29]

This kind of demagogy has a dual purpose. It is used by comprador politicians, who know better, to try to slow up and confuse the national liberation movement of their own people. It is used by Wall Street politicians to try to prevent the development of sol-

idarity between working people in the United States and in the dependent countries, to try to make the average man on Main Street feel virtuous while his pockets are being picked to finance war-breeding foreign adventures in the interest of Wall Street.

Much of the true character of the Point Four program can be seen from the presentation of its sponsors. On March 30, 1950, Secretary of State Dean Acheson presented the reasoning behind the Point Four program to the Senate Foreign Relations Committee. He explained that the two-thirds of the world's people in the dependent countries would no longer accept poverty and disease as a way of life. He warned that capitalism must present a solution, or the people would follow the communist way. His fears are well founded, since these people have seen the eminently successful applications of the communist way in such areas as Soviet Central Asia, once impoverished colonies of the tsar, now prosperous, industrialized, and fully equal participants in the flourishing life of the U.S.S.R.

Does Acheson offer a practical alternative to compete with the proven Communist program? When he gets down to cases, Acheson must dash the hopes of anybody who expects aid from Washington in economic development: "I think there is a pretty widely held idea that we are going to build large mills, mines and factories for those underdeveloped peoples. This is not true."

If the idea is widely held, it is only because Washington officials, aided by their puppets in the underdeveloped countries, had for a year been propagating the myth that the United States would carry on a genuine development program. Without serious aid in industrialization, what is left?

All that remains is the "aid" of American technicians. Acheson gives examples of how this works. An American expert recommended sodium nitrate fertilizer to a farmer, whose corn crop was tripled following the advice. But this is hardly helpful to the overwhelming majority of poor peasants who cannot possibly afford commercial fertilizers, to the landless or near-landless who toil for the feudal landlords and the imperialist corporations on the plantations! It is obvious that the real anti-imperialist program—land to those who till it—will have much more appeal to the peasantry of the undeveloped countries, that it is the only practical program.

Another example from Acheson: "We can, for example, help

people from those areas in such things as techniques of census taking and keeping vital statistics. You don't need investment capital to do these things."

Yes, this "technical assistance" is very "cheap." The so-called experts "don't all need to be top authorities in their fields. This work should appeal to young people with some competence and experience. I suspect we shall find hundreds of good people in state and municipal governments, on farms, in schools and universities, factories and private research organizations. The problem is to seek out these people, give them a little extra training and persuade them to go abroad in the service of their country."

With a few hundred youngsters Acheson proposes to satisfy the needs of two-thirds of the people of the world, to stem their drive for national liberation! Acheson warns that with certain exceptions his program "may take five or ten years or even longer to produce tangible results. Well, ten years is a minute in the life of a nation—and less than a second in the life of a civilization."

Five or ten years is life or death to hundreds of millions, it is eating enough or starvation, it is health protection or killing disease, it is war or peace.

The people are not waiting. They will not adopt Acheson's philosophy of "minutes" and "seconds." The propaganda value of his program is dubious, to say the least. Why all the fuss? What is the reality behind the empty promises?

Here is an example of how "technical aid" really works. Acheson declares:

> "The Brazilian Government also invited three American Government geologists to help their own experts locate new deposits of strategic materials. This comparatively trivial investment in technical ability has resulted in uncovering two of the largest deposits of manganese in the Western Hemisphere, of untold value."

But Mr. Acheson modestly refrains from mentioning the fact that the "untold value" is accruing to the Bethlehem Steel Co., and not to the Brazilian people. The technical aid program in its essence is nothing more than the intensified hunt for colonial raw materials, carried on for the Wall Street monopolies and for the stockpiles of their militarists.

But technical aid to the undeveloped countries is the smallest

emphasis, however, on the need for stimulating an expansion of part of the Point Four program. Acheson says: "We put primary private investment not only to provide capital, but also to provide the technical and managerial skills that come with capital."

This is the old story of government aid to the export of capital by the monopoly corporations, to the intensification of the very process which keeps dependent countries backward and impoverished. How is this government aid to be rendered? Acheson answers:

"Investors must have confidence that their property will not be confiscated without fair compensation, that they can take their legitimate profits and their capital out of the country, and that they can have reasonable freedom to manage their business, subject to local laws that apply to everybody equally. . . . This, in a nutshell, is the essence of the investment problem and as you can see, it is a problem of confidence."

Confidence that nothing will stand in the way of the Wall Street corporations making and taking superprofits; confidence that the national liberation movement will not reclaim its own wealth; confidence that the corporations will be able to act as they please in foreign countries.

This is the real objective of the Point Four program; and the *practical* measures, as distinguished from oratory, are designed to that end. They include: (1) negotiation of treaties with other countries guaranteeing United States monopolies a free hand;* (2) legislation by the United States government guaranteeing the investments and profits of these corporations; (3) legislation reducing the taxes on profits from foreign investments.

* Seven of the new-type treaties have been negotiated since the end of World War II. We may take as an example the Treaty of Friendship, Commerce, and Economic Development with Uruguay. This provides that United States companies engaged in virtually any kind of business will receive "national treatment" in Uruguay. This means that they will pay no more taxes than Uruguayans, be subjected to no disadvantageous legislation in comparison with Uruguayans, not be subjected to government expropriation unless Uruguayan capitalists are too, etc. Thus the Uruguayan government agrees to take no measure whatsoever to protect Uruguayan capitalists from the thousand-times more powerful United States monopolies. The treaty also grants Uruguayan capitalists national treatment within the United States. Since there are no Uruguayan capitalists with sufficient resources to compete in the United States, this "mutual" provision is meaningless.

Even this is not enough:

"But when you put all these things together, I think you will find that there is no foolproof way of guaranteeing investors against the variety of nonbusiness risks that they face in many parts of the world today."

So, Acheson asserts, we must try to develop a "favorable climate" for investment. What is a "favorable climate"? It is a cowed people, afraid to fight for their own interests. It requires crushing the liberation movement, and destroying socialism where it exists.

The basic, underlying effort of finance capital is revealed by Acheson's statement:

"We are spending billions for military defense—as we must. We are spending other billions for economic reconstruction in Europe and vital points in the Far East, as we must. We are organizing joint defenses through the North Atlantic Treaty and the military-assistance program."

The requirements for intensified imperialist exploitation are the same as ever—the rule of the club over the exploited. The requirements are the same in kind, but multiplied many times in quantity. The whole Point Four program is revealed by Acheson as nothing but a propaganda barrage behind which the worldwide diplomatic, economic, and military offensive of American finance capital is carried out.

As for the people of the dependent countries, Truman's promise of "T.V.A.'s" and "a life of luxury" is reduced to a trivial toying with second-rate technical experts, while actual economic development is squelched.

But it is one thing to work out a paper program for unlimited profits from intensified colonial exploitation, and for war based on that exploitation—and another thing to realize the program. It is one thing for a puppet to sign away his country, it is another to deliver that country. The Kuomintang government of China was one of the first to sign the State Department Point Four type of treaty which essentially gives away all national economic sovereignty to American monopolies. But the Chinese Communists immediately denounced the treaty and drove out the Kuomintang, which made it worthless to Wall Street.

The comprador rulers of dependent countries, from India to Chile, have laid out the Point Four welcome mat for Wall Street, but they all fear the fate of Chiang Kai-shek as a result. Finance capital shares their fears, but cannot find a solution.

There is no easy way out. Because of the worldwide popular movement for a decent life, for genuine national independence, schemes for the further enslavement of peoples must be clothed in false promises. But the promises and their certain betrayal merely stimulate further the popular resistance and render more remote the climate of docility and destroyed national spirit in which imperialist capital flourishes.

In the last analysis demagogy gives way to force. Economic conferences and programs spawn military alliances, anti-Communist pacts, and armed invasion by American imperialism, as in Korea.

The worldwide movement for a better life is too powerful, too well led to be thwarted by demagogy or by force. The peoples of the world will win the right to economic development, in struggle against imperialism and against its native compradors.

VI. THE STRATEGY OF WORLD DOMINATION

The people of the United States supported the fight against the Axis in World War II to save themselves and other countries from ruin by the aggressors, the German fascists and the Japanese militarists. Presidents and Secretaries of State have emphasized "our" unselfish motives, "our" lack of greed for other people's territory and property. So far as they refer to us, the people of the United States, such claims are quite accurate. The great majority of the American people are not, and never have been, interested in foreign conquests. But so far as they refer to the ruling families that control the oil and metal trusts and the Wall Street banks, the claims are utterly false. These monopolists were out for unheard-of profits throughout World War II, and scarcely bothered to conceal it. They were out to acquire, by means of the war, foreign properties and spheres of influence. And since, as we shall see, their voice was decisive in the most vital, central affairs of state, the government, during and since World War II, has furthered the growing and now limitless demands of U. S. monopolies.

From the beginning of the war launched by German and Japanese imperialism, United States finance capital saw itself the main winner. The gentlemen who had helped make it possible for the aggressors to start the war with vast shipments of petroleum, machine tools, nonferrous metals, and scrap iron, and with the diplomatic signal of the Neutrality Act passed by Congress in 1937, were looking ahead.

They foresaw a long war of attrition, such as the first World War, from which they could derive tremendous profits and take still larger chunks out of the world holdings of other imperialist powers, especially those of the British, the largest.

But the Nazis overran western continental Europe. From their enlarged industrial base, they threatened to invade England. British

imperialism needed immense United States material support, and ultimately military support, in order to survive.

Wall Street set its terms. Their broad outline was given in a famous speech by the president of the National Industrial Conference Board, Virgil Jordan:

> "Whatever the outcome of the war, America has embarked on a career of imperialism in world affairs and in every other aspect of her life. . . . At best, England will become a junior partner in a new Anglo-Saxon imperialism, in which the economic resources and the military and naval strength of the United States will be the center of gravity."[1]

President Franklin Roosevelt expressed anti-fascist sentiments, he *proposed* to improve the conditions of the colonial people, he *proposed* friendly relations with the Soviet Union. But it was not for him to dispose. He was not the president of a genuine people's government, but the head of a Wall Street state apparatus, in which all the key military, diplomatic, and political positions were controlled by finance capital. Roosevelt was captain of these forces, a wise and moderate captain, but always subordinate to the requirements of the ruling class.

President Roosevelt was Commander-in-Chief, but the conduct of the war was according to the basic expansionist strategy of American imperialism. Roosevelt *argued* for a military strategy which would defeat Hitler as rapidly as possible, but the generals of American imperialism collaborated with the generals of British imperialism in carrying out a military strategy designed to bleed the Soviet Union white, and to secure the occupation by Anglo-American forces of the most strategic territories. Roosevelt told his son of his opposition to the colonial system, and drafted the Atlantic Charter pledging self-determination to all peoples. But the Vatican-State Department politician, Robert Murphy, picked a French colonial general to be the ruler of France; and Roosevelt's arguments with Churchill stemmed from the conflict between two imperialist powers as to whose imperialist stooge was to administer the French Empire—Roosevelt's "problem child," General Giraud, or Churchill's "problem child," General de Gaulle. Roosevelt condemned the draining of wealth from colonies by imperialism, and spoke of the "Good Neighbor" policy in Latin America, but the men of Wall Street—Sumner Welles, Nelson Rockefeller, and

Jesse Jones—conducted the war in such a way as to intensify this draining of wealth and consequent further impoverishment of Latin America.*

So long as America is run by finance capital, it must follow the course of attempted imperialist expansion, and adapt its immediate strategy to the particular conditions affecting United States imperialism and world imperialism at a given time. This was explained by Virgil Jordan as follows:

"We may be afraid of the unfamiliar and forbidding word, imperialism. . . . Many prefer, in the current American fashion, to disguise it in a vague phrase like 'Hemisphere defense.' But, consciously or unaware, America has been destined to that career by its temperament, capacities and resources, and by the drift of world events, not merely in recent years, but since the beginning of the century . . . [These events] have driven us along that road, and provided us not only with the occasion but with the economic tools, the social attitudes, and now the political manners and customs of modern imperialism. . . . *We have no alternative, in truth, than to move along the road we have been traveling in the past quarter century, in the direction which we took with the conquest of Cuba and the Philippines and our participation in the last World War.*"[2] [My emphasis—*V.P.*]

WARTIME EXPANSION OF AMERICAN IMPERIALISM

The principal immediate goals of Wall Street during the course of World War II were to eliminate all imperialist rivals from the western hemisphere, to achieve unilateral domination of the Pacific, and unchallenged domination of a large part of the Far East.†

In the western hemisphere the goal was accomplished. German imperialism, which had been advancing in Latin America, especially in Argentina and Brazil, was eliminated at the very outset.

* For a revealing and moving account of the contradiction between Roosevelt's dreams of a "progressive" imperialism, and the actions he took as the chief executive for aggressive American imperialism, see the book written by his son, Elliot Roosevelt, *As He Saw It* (New York, 1946). This contradiction, and its essential outcome, were clearly foreseen by Stalin in his interview with H. G. Wells in 1934. (See *Marxism and Liberalism: An Interview,* New York, 1935.)

†Jordan expressed these goals as follows: "Southward in our hemisphere and westward in the Pacific the path of empire takes its way, and in modern terms of economic power as well as political prestige, the scepter passes to the United States."

Its investments of almost a billion dollars[3] were confiscated by Latin American governments on orders of the United States. The same applied to the smaller Italian and Japanese properties. Later the more important holdings were reorganized under Wall Street financial control. Especially important were the airlines—such as the German Condor Line and Italian Lati Line in Brazil, and the German-operated Scadta Line in Colombia.[4] In a continent so dependent on air communications, this step greatly strengthened the grip of North American imperialism on South America.

The weak "ally," French imperialism, was similarly stripped. French investments in Latin America, which reached $1600 million in 1913, were sharply reduced after the first World War, and left at not more than $100 million after the second World War.[5]

The main blows in the western hemisphere were struck against the historical rival of Wall Street and wartime ally, British imperialism.

In return for destroyers, the British were forced to yield their principal military bases in the Caribbean and off the Canadian coast. In return for weapons, they were forced to turn over many of their investments in the United States, in Latin America, and in Canada. In the case of Latin America, this did not always involve the direct transfer of ownership to United States capitalists. But even when a British investment was sold to a Latin American Government, this left a body of labor to be exploited by subsequent Wall Street investments.

In Canada, British investments declined from $2.5 billion in 1939 to $1.6 billion in 1947, while United States investments increased from $4.2 billion in 1939 to $5.2 billion in 1947.[6] In Latin America, British investments declined from $4.5 billion in 1939 to $2.6 billion in 1949, while United States investments increased from $3.7 billion in 1941 to $5.2 billion in 1948.[7]

By the end of World War II, only the preferential tariffs remained of the old special relationships between England and Canada. Canadian economic, diplomatic, and military policy became completely subordinate to the United States. In its dealings with Canada, Great Britain was now confronting just another "dollar" country. Canada became a training ground for United States troops, a country whose newly found resources in oil and iron ore were automatically turned over to United States monopolies.

In Latin America, the remaining British investments were further curtailed after World War II as governments responsive to Washington bought out British properties. For all practical purposes, no rival imperialist power maintained important positions, especially in Brazil, the largest country of South America. The wartime network of United States military missions and bases was maintained and extended, and the arms standardization program removed any element of independence which might remain.

The postwar scene saw the entire continent responding to the crack of the whip from Washington. From Patagonia to Baffin Land a hemisphere was secured for Wall Street.

So much for expansion southward in the hemisphere. What about westward in the Pacific?

American monopoly's aim of inheriting the European Far Eastern empires was hinted at even before the United States was actively engaged in the war. The critical point in American-Japanese negotiations—the point at which Washington said, No farther—was French Indo-China! When the State Department told the Japanese diplomats that the invasion of Indo-China would be regarded as a hostile act, the Japanese imperialists, themselves bent on swallowing the entire Far East, knew that war was certain and launched their assault on United States military forces.

American imperialism during the course of the war occupied all the important strategic islands of the Pacific and maintained its grip afterwards. The Philippines were restored to American imperialism as a field of booty and a jumping-off place for further conquests.

Despite the fact that prewar British investments in China were many times larger than those of American capitalists, British forces were completely excluded from all military operations in China, and after the war that country was converted—temporarily—into a United States dependency under the puppet Chiang Kai-shek.

As for Japan, the unilateral occupation by the United States was directed not only against the Soviet Union and the Japanese people, but at the same time against the important British commercial and investment interests. American monopolies seized all important trade and investment positions, disregarding British protests. A new Zaibatsu-Wall Street alliance was established, which would surely make of Japan a docile colony of American imperialism, but for the Japanese people, who will yet speak the last word.

With the Pacific Ocean, the Philippines, China, and Japan in its grasp, American imperialism acquired direct unilateral control over more than one-half the people of the Far East, and the bases from which to conquer the remainder.

By the end of World War II, a California Congressman was able to claim that the Pacific "is definitely our ocean."[8] Both in the western hemisphere and westward in the Pacific the Jordan objectives were essentially attained.

These were the main areas of wartime expansion. But American imperialism had made other advances as well. Its control of the Atlantic, and of the islands therein, was scarcely less complete than its control of the Pacific. It held a string of military bases in West and North Africa, and had increased its military and economic foothold in the Middle East by buying the Arabian monarch, Ibn Saud, from the British. Together with British imperialism, it owned the exiled politicians and generals placed back in power in most of the western Europe, Italy, and Greece.

The weakening of British imperialism—its reduction to dependence on American imperialism—had been carried out as fully as Wall Street could have hoped.

THE GOAL OF UNLIMITED EXPANSION

Once the objectives expressed by Jordan were substantially obtained they became obsolete. During the course of the war, these "modest" ambitions gave way to the goal of unlimited world rule. Nor was this an ultimate, long-term objective; it was the strategic aim for the period immediately after the end of the second World War. The economic basis for this strategy was the wartime growth in American productive capacity, the expansionist pressure of huge monopoly profits described in Chapter I. The military basis for this strategy was the unbalanced, extravagant development of a heavy bombardment air fleet, the creation of a worldwide network of bases for these bombers, and especially the development of the atomic bomb as the most effective weapon yet devised for aggression against masses of people.

The operative plan for this strategy is the achievement of economic and military mastery over the entire capitalist world, the mobilization of all reactionary forces everywhere under the leader-

ship of American finance capital, and ultimately the launching of a war against the U.S.S.R.

Such a strategy was advocated and worked for by the most reactionary, chauvinist circles in big business and the military during the later years of World War II. It emerged as the dominant, effective strategy, commanding the support of the decisive sections of finance capital, during 1945-46.

The *diplomatic* signals of this strategy were: (*a*) the leading role of American imperialism early in 1945 in the attempt to install a reactionary, anti-Soviet government in Poland, the historic road for invasion of Russia; and (*b*) the initiative of the United States in forcing the admission of Argentina to the United Nations in the spring of 1945, in violation of the antifascist principles embodied in the Dumbarton Oaks negotiations in preparation for the formation of a United Nations Organization.

The *economic* signals of this strategy were: (*a*) the immediate cutting off of lend-lease assistance to the U.S.S.R. after the defeat of Japan; (*b*) the refusal of any economic aid for the reconstruction of the U.S.S.R.; and (*c*) the violation from the start of the agreement for shipment of reparations from Western Germany to the Soviet Union.

The *military* signals of this strategy were: (a) the delay of the second front until 1944, with the expectation that the Soviet Union would be seriously weakened thereby; and (b) the dropping of atomic bombs on Japan, a move of no military significance against that country, but with a purpose expressed by President Truman at Potsdam while conferring with the Soviet leaders: "If it explodes as I think it will, I'll certainly have a hammer on those boys," as quoted by his biographer Jonathan Daniels.[9]

All developments since have fallen into the pattern of this strategy. One must understand it to understand the details of policy —the Marshall Plan, the Atlantic Pact, the war against Korea, etc. All have their place in the strategy of world conquest, and all have their place in the mobilization for the climactic stage of the plan, the war against the U.S.S.R., the People's Democracies of Eastern Europe, and China.

This strategy was never presented to the American people. The official spokesmen for finance capital continually drum into the

ears of the American people their mission of "world leadership." But this "leadership" is imbued with the highest moral qualities, in order to quiet opposition to the use of the state as the instrument of attempted world conquest, in order to make the American people willing atom-bomb fodder.

Into the mouth of the flat-voiced politician from Missouri are placed the noblest sentiments, all for the purpose of whipping up chauvinist and aggressive moods. Here is the theme, in its constant repetition:

"The world today looks to us for leadership. . . . The heart of our foreign policy is peace."[10]

"The peoples of the earth . . . look to the United States as never before for good will, strength, and wise leadership. We have sought no territory and we have imposed our will on none. We have asked for no privileges that we would not extend to others. . . . The old imperialism—exploitation for private profit—has no place in our plans."[11]

"In shaping the outcome, the people of the United States will play a leading role. . . . All men are created equal . . . they are equally entitled to life, liberty and the pursuit of happiness . . . we can never be tolerant of oppression or tyranny . . . we must throw our weight on the side of greater freedom and a better life for all peoples . . . that Almighty Power who has placed before us such great opportunities for the good of mankind in the years to come."[12] [My italics throughout—*V.P.*]

Not imperialism, but "leadership." Not exploitation, but "freedom and a better life." Not a planned war of conquest, but "peace." The theme is accompanied by repeated slanders against the Soviet Union, painted by President Truman as the one obstacle to all his supposedly excellent intentions.

The monopolists put this unctuous wrapping of God and the Bill of Rights around the President's speeches. But among themselves they get to the real point.

The essence of the drive for world domination was expressed most sharply by a man who was eminently suited for the task, a man whose individual part in the expansion of United States finance capital has been second to none. Leo D. Welch, treasurer of the Standard Oil Co. (N. J.), has passed through his hands a billion dollars of foreign investments since the end of World War II—and already received back almost a billion in profits.

Near the end of 1946, as the main lines of foreign policy were

being determined, Welch also spoke of "leadership," but he defined it more bluntly:

"That responsibility is positive and vigorous leadership in the affairs of the world—political, social and economic—and it must be fulfilled in the broadest sense of the term. As the largest producer, the largest source of capital, and the biggest contributor to the global mechanism, *we must set the pace and assume the responsibility of the majority stockholder in this corporation known as the world*. . . . Nor is this for a given term of office. This is a permanent obligation."[13] [My emphasis.—*V. P.*]

Hitler spoke of a thousand-year Reich, Welch speaks of a permanent rule by Wall Street. Do not laugh at this arrogance. Welch was engaged in laying down the policies of finance capital, policies which have been followed faithfully, and which contain the danger of devastating world war.

Welch urged his fellow financiers to shake off their lethargy, not to sit back and wait for capitalism to collapse, but to take the offensive:

"American private enterprise, therefore, is confronted with this choice; it may strike out and save its position all over the world, or sit by and witness its own funeral. . . . Our foreign policy will be more concerned with the safety and stability of our foreign investments in the future than ever before. The proper respect for our capital abroad is just as important as respect for our political principles, and as much care and skill must be demonstrated in obtaining the one as the other."[14]

With a "proper" subordination of the moral claptrap of the front man in the White House, Welch expresses the logic of imperialism, which must either expand using all the might of its state power, or be destroyed because of its internal contradictions.

What are the main components of the strategy of unlimited expansion? Jordan, as early as 1940, examined this question:

"From the pages of British experience . . . we know some of the things that this white man's burden may mean when we assume it. We know that it applies a vast responsibility of assembling, applying and conserving the financial resources upon which it rests."[15]

The state must mobilize many billions, as in the Marshall Plan, to advance the domination of United States finance capital over other countries. But that is not all:

"We know, too, from some of the darker pages of British experience in the past century, that it implies an enormous task of expanding and maintaining a vast organization of manpower, machines and equipment, not merely for national defense, *but for effective and continuous exercise of international authority in the maintenance of peace and order.*"[16] [My emphasis—*V. P.*]

American imperialism, as the dominant one, must control the world militarily. It must organize a huge armed force, not for national defense, but for aggression, for the imposition of the rule of American imperialism everywhere.

Jordan could not, in 1940, foretell the main opponent against whom the armed forces of American imperialism would be directed. Six years later there was no doubt. Welch explained some of the obstacles to his big business listeners, such as the workers' struggles for higher wages and for socialism, the struggles of colonial peoples for national liberation, and the resistance of competing imperialist powers to loss of their properties to Wall Street. But the main enemy was very definite in his mind: "All these forces appear dwarfed in the shadow of the great struggle between the Soviet and the western powers whose reverberations reach every corner of the globe."[17]

CONSOLIDATING THE HOME FRONT

When Virgil Jordan presented to the investment bankers the financial and military requirements for imperialist expansion, he added the requirement for internal mobilization:

"Before this part [*i.e.* military aggression] of our imperial responsibilities can be formed, they must rest upon the solid and broad base of internal unity and domestic prosperity, which will imply intelligent and courageous reconstruction of our own economic and political life after the immediate war effort is over."[18]

For such a confirmed reactionary, "reconstruction" of the economic and political life of the country could only mean elimination of the mild reforms of the Roosevelt Administration, elimination of the democratic rights gained by labor unions and progressive forces during that Administration. "Internal unity" could only mean the settlement of differences among sections of finance capital, the suppression of all popular resistance to that Wall Street unity. The slogan of "national unity," which finance capital bucked

when it was a question of the war against Hitler Germany, was ready for use in the new context of imperialist aggression. It took the form of the "bipartisan foreign policy," which became in effect a bipartisan domestic policy as well. By virtue of this unity of the representatives of finance capital, by this submerging of all serious differences between the two major political parties of monopoly capital, Congress lost all significance as a body for the debate of issues, for the drafting of legislation. It became a rubber stamp to legalize all orders of finance capital and the military.

The leading circles of finance capital, who substantially agreed on the strategy of unlimited expansion, had to tighten their grip on the state apparatus. Welch expressed the problem as follows:

"The labor leader, liberal politician, the leftist propagandist have replaced the businessman and his influence on the trend of things here at home, as well as abroad. . . . In seeking remedies for American capital abroad, let us begin at home and choose as the first step the reorientation of the mentality and aims of the American businessman toward reassuming his rightful place in the social and political, as well as the economic, life of our country."[19]

At no time had finance capital lost control of the key organs of government power, such as the State Department, the armed forces, and the F.B.I. When Welch spoke, his circles had already cleared from the cabinet liberal members like Wallace, Ickes, Morgenthau. But this was not enough. Liberals, labor leaders, progressives had to be deprived of any independent voice in public affairs. All who did not knuckle under to the orders of finance capital had to be purged and persecuted. Then the men of Wall Street had to do their personal bit:

This involves . . . the acceptance of appointments in government posts where soundness and experience are required, and a corresponding degree of sacrifice that goes with them. *It involves a willingness of employers to make this possible for their outstanding men by placing them in a position, either through groups or singly, where they can weather the strain financially.* In other words, as our country has begun to evolve its overall postwar foreign policy, private enterprise must begin to evolve its foreign policy, starting with the most important contribution it can make—'men in government.' This applies to its domestic policies also."[20] [My emphasis—*V. P.*]

It is normal for big business to run the government of the

United States, directly and through various agents. In the past, the direct participation of leading finance capitalists in the government has been intensified in time of war, when the dollar-a-year men flood Washington. After World War II, however, direct control of the government by the leading Wall Street houses was not relaxed, but even better organized to promote the drive for world domination.

A procession of Wall Street leaders took the decisive Washington posts. The connections of such men as James Forrestal, Louis A. Johnson, General George Marshall, James F. Byrnes, John Foster Dulles, W. Averell Harriman, and John J. McCloy, are amply documented in the Labor Research Association's book, *Monopoly Today,* and in Albert Kahn's book, *High Treason.* Appointments in the lower echelons were adapted to the specific finance-capital interests most directly concerned. The precision of these appointments is indicated by the Assistant Secretaries of State for three major world areas appointed during 1949:

American Republic affairs: Edward G. Miller, member of Sullivan and Cromwell; son of the president of half a dozen of the largest United States sugar corporations, which own Cuba and Puerto Rico—an excellent man to crack the whip over the plantation and mine workers of Latin America.

Near East, Asian, and African Affairs: George G. McGhee, oil technician and capitalist; owner of oil property in Venezuela and Morocco; formerly associated with both Rockefeller and Morgan oil firms—ideal to advance the condominium of oil interests in the Near East and Africa.

European Affairs: George W. A. Perkins, corporation executive and a Director of the National City Bank, the leading international bank of Wall Street—what better choice to complete the job of making Western Europe a preserve of the dollar?[21]

Such men, representing the top oligarchy of finance capital, really govern this country. To them, elections are minor diversions, and Congress a nuisance which sometimes forces a change in timing but never interferes with the main course of state policy. Their whole strategy of world conquest has been put into effect, step by step, with utter contempt for the will of the American people.

In 1944 the American people voted for Roosevelt and peacetime

collaboration with the Soviet Union. In 1948 the American people, despite years of contrary propaganda, voted the same way!

President Truman, fearing defeat in 1948, presented the Roosevelt program to the American people. He spoke of sending Chief Justice Vinson as an envoy to see Stalin. He told an audience of American Legionnaires that the Soviet Union and the United States both have a great job to do of raising living standards; and added, "History shows that rival powers can exist peacefully in the world." Just a week before the election he said:

"Now let's look at the group of men who are jeopardizing the future of the democracy of the United States through their concentrated economic power. . . . Again and again in history economic power concentrated in the hands of a few men has led to the loss of freedom.

"When a few men get control of the economy of a nation they find a 'front man' to run the country for them. Before Hitler came to power, control over the German economy had passed into the hands of a small group of rich manufacturers, bankers and landowners.

"These men decided that Germany had to have a tough, ruthless dictator who would play their game and crush the strong German labor unions. So they put money and influence behind Adolph Hitler. We know the rest of the story.

"We also know that in Italy, in the nineteen-twenties, powerful Italian businessmen backed Mussolini and that in the nineteen-thirties Japanese financiers helped Tojo's military clique to take over Japan.

"Today in the United States, there is a growing—and dangerous— concentration of immense economic power in the hands of just a few men."[22]

With such speeches Truman squeaked through and won the election. But the listing above of persons in key government positions consists mainly of appointments since those elections.

Even as Truman spoke in Chicago, in October 1948, he was already a loyal "front man" for the interests he denounced; and that role has since been expanded. Eisenhower's war globe, which Truman enjoys twirling before visitors, symbolizes the drive for world domination of the Welches, the Winthrop Aldriches (Chase National Bank), the Russell Leffingwells (J. P. Morgan and Co.), and the remainder of the very small group which sets the line of policy for finance capital.

VII. ATTEMPT TO COLONIZE EUROPE

Western Europe is the most vital area in the Wall Street scheme of world domination. It contains well-developed industry and skilled labor, thereby becoming a potential source of great superprofits for the imperialists who can reduce the area to semicolonial or colonial status. It is the key, wielded through the older empires as intermediaries, to domination of much of Africa and Asia. By virtue of its location, its industry and transportation system, its manpower for industry and armies, it is the logical main base for the planned war against the Soviet Union.

Lenin long ago pointed out that imperialism strives to annex not only agricultural regions, but also highly industrial countries. With the world already divided, imperialists reach out for any kind of territory from which to derive superprofits. Industrialized countries, as well as undeveloped areas, can be used as bases for further conquests.[1]

Hitler's conquest of most of continental Europe had this dual character. Advanced capitalist countries were reduced to colonies under military occupation. Banking institutions were taken over by German financiers, and key industries were taken over outright or controlled by new German partners. The workers of France, Belgium, Czechoslovakia, Poland, Italy, etc., were reduced to slave labor conditions which enabled German finance capital to rake in superprofits. At the same time the industry of Europe was made into a source of war materials for the German military machine, and the conquered territory into bases for the threatened assault on England and the actual assault on the U.S.S.R.

The conduct and outcome of World War II left American imperialism in a position to attempt to replace German imperialism as the master, not only of much of continental Europe, but of England as well.

Wall Street interests in Europe are not new. After the first

World War the United States government spent several billion dollars in helping European imperialists throttle revolutions in Hungary, Poland, Finland, in staving off revolutions in western Europe, and in the vain attempt to destroy the young Soviet Republic. Once capitalist rule was stabilized temporarily in most of Europe—that is, beginning around 1923—American finance capital invested several billion dollars in Germany, England, France, Italy, and other European countries, including the purchase of shares in various strategic corporations.

American imperialism was strong enough to penetrate Europe, but not yet strong enough to try to dominate Europe. Its investments were insufficient to bring about Wall Street control of the key industries. The European countries retained powerful armed forces and their own political life. American armed forces did not remain long after World War I.

World War II resulted in a new balance of forces, in which American imperialism went beyond the stage of penetration to the stage of attempted colonization of Europe. Following the injunction of finance capital as expressed by Virgil Jordan (see Chapter VI), the government mobilized tens of billions of capital to finance this attempt. These funds were advanced as loans and gifts to the capitalist countries of Europe. The American people were told that they were spent to feed hungry people, to save free institutions, and to preserve independence of countries from aggression. But the real purpose was the opposite.

American imperialism uses various tactics in attempting to conquer Europe. These have included financial agreements with individual countries, the Truman Doctrine in Greece and Turkey, the Marshall Plan involving virtually all of capitalist Europe and an expenditure of more than $15 billion, and the North Atlantic Pact, still expanding in scope and scale of operation.

All of these programs have one set of objectives:

1. political domination of Europe;
2. economic domination of Europe;
3. taking over of European colonies;
4. preparation of bases for war against the U.S.S.R.

STEP-BY-STEP CONQUEST

The complex of agreements, plans, and treaties shows a continuous progression of United States control toward the objectives

enumerated above. Thus in the case of England, the loan agreement negotiated in 1945 merely placed certain general requirements on Britain. These weakened British independence sufficiently to lead to acceptance of much more stringent requirements under the Marshall Plan. The latter in turn reduced the British government to the point of accepting the North Atlantic Pact with its aid agreements establishing the United Kingdom as the great European aircraft carrier for the Pentagon war plans, and subordinating British economy to the needs of those war plans.

Hitler, in *Mein Kampf,* set forth this process of step-by-step conquest and practiced it in undermining the independence of numerous states. That the same process is going on today is recognized by a journal which approves of it, *The Economist.* This British magazine notes that United States control leaves the *form* of national sovereignty to its European allies. As for the actuality, it asks:

"But is it so certain that sovereignty only cedes to a frontal attack? May it not be diminished by an infinite multiplication of acts of co-operation which create the habit of confidence and concession? All those who have worked closely in the O.E.E.C. [Organization for European Economic Cooperation, a Marshall Plan body] agree that, in a hundred ways, joint actions are possible now which would have been inconceivable in 1947. The habits of co-operation which an Atlantic Council may foster can lead in time at least to the degree of unity and understanding that prevails within the British Commonwealth, and that, after all, is no small thing."[2]

Already it would not be far from the fact to describe Britain as a member of the "United States Commonwealth," with perhaps somewhat more independence of the master than India had in the old British Empire, but somewhat less than Australia had in that empire. Indeed, not a "small thing" for the one-time mistress of the seas.

The remainder of this chapter deals with this progressive colonization of Europe in terms of the first aspect listed above, political domination.

INSTALLATION OF REACTIONARY QUISLINGS

The political domination of western Europe by American imperialism began during World War II. For the peoples of Europe the

struggle against German imperialism was at the same time a struggle against "their own" imperialists, who had sold out to Hitler, shamelessly collaborated with the invader, and helped him to enslave the people.

In France the anti-Hitler liberation forces, supported by the great majority of the population, drew up a program designed to break the power of monopoly capital and safeguard the independence of the country.* In Italy, the six-party Committee of National Liberation agreed on a broad program including nationalization of basic industry and fundamental agrarian reform. In these and other countries, the Communist parties obtained broad support from the people who recognized and accepted their self-sacrificing leadership in the struggle against the invaders. Substantial labor unity was achieved for the task of acquiring working class leadership of the liberation forces. There can be no doubt that the anti-imperialist coalitions were more powerful in both France and Italy than the forces of discredited monopoly capital and its allies, the Vatican and the right-wing Social Democrats.

A similar balance of forces existed in eastern European countries. Here the Soviet armies acted as true liberators. They permitted the anti-imperialist forces to create a new state power and to punish those who collaborated with the fascists. They gave the people arms and economic aid with which to consolidate their power.

The main, decisive function of the Anglo-American armies was just the opposite: to *prevent* the liberation of the countries they occupied. They entered Greece, France, Belgium, the Netherlands, Norway, and Italy after the Soviet Army had already annihilated the best German legions in the east, and was engaging the remainder in final combat. The western powers encountered in the main only the left-overs of the German army, and were helped mightily in that attack by the people's resistance forces, led primarily by the Communists.

* The United States Department of State, in a "Country Study" of France issued at the end of 1947, admitted: "The movement to nationalize certain basic industries found its inception in the resistance movement and, in the early days following liberation, received widespread popular support. In the National Constituent Assembly that voted the nationalization laws, no more than a fifth of the deputies opposed nationalization in principle."

The British and American armies everywhere insisted that the guerilla resistance forces be disarmed. They brought back with them troops rallied by reactionary governments-in-exile, trained overseas and supplied with American munitions. They installed in the seats of power émigré politicians and capitalists, together with collaborators among the capitalists and civil servants. Thus the disarmed popular resistance movements were unable to deal with the bulk of the collaborators, unable to establish their own power and carry out the actual liberation of their countries.

In Greece and Belgium the British armies forcibly disarmed the people, in the former country installing by brute force a fascist, monarchist regime. In France and Italy the people agreed to give up their arms. Elections were held. But the reactionaries remained in the decisive positions, ignoring the early postwar election results*—and these discredited regimes were given the wherewithal to create armies and police forces for use against the people.

The capitalist governments returned to power by Anglo-American connivance were no longer independent. They were subject to control from London and, especially, from Washington. They could not maintain power without a flow of armaments and supplies for their soldiers. Unwilling to mobilize the popular forces for reconstruction, they were dependent on Washington financial help to revive their factories. Attempting to restore colonial empires, they required the military and economic help of the United States.†

* In the French elections of October 1945, the Communists won the largest number of votes: "According to tradition and constitutional practice, the Communists were entitled to name the premier and have first choice of the important Cabinet posts. De Gaulle refused them both privileges. A first-class crisis broke out. . . . It was resolved by the Communists backing down and accepting second place after the Catholic Party leaders in the new coalition Cabinet. The Communists' conviction was strengthened that the constitutional rules apply, except for the Communists." (Howard K. Smith, *The State of Europe*, New York, 1949, p. 154.)

† The situation in England was of a different character. Here the people expressed their desire for socialism by electing the Labour Party politicians, experienced servants of British finance capital. These Laborites left the government apparatus, especially the Foreign Office and the armed forces, completely in the hands of the Tories, who continued the Tory foreign policy. The Laborites "socialized" certain industries by changing the names of the corporations to government entities and leaving the old capitalists in complete control. Thus in England the main job of maintaining imperialist rule

In Western Germany the British and American occupiers shamelessly failed to punish the leading Nazis. Instead they placed the Nazi industrialists back into management of industrial enterprises and retained the Nazi functionaries in control of administrative bureaus, schools, courts, and police.

The occupation armies took on the function of protecting German fascists not only from the German working class, but from the just wrath of the peoples who had been despoiled by German fascism. Thus the German capitalists were even more dependent than the French, Belgian, Italian, and other capitalists on Anglo-American imperialism.

The restoration of imperialist power in most of Europe was carried out by combined British and American forces. This was accompanied by a struggle between British and American imperialism for the domination of Europe. The issue was decided speedily enough. British imperialism lacked the financial and military resources to colonize Europe. It had to yield to the American rivals. In Germany the British and American occupation zones were merged in 1946 on terms which gave the Americans a dominant voice in accord with their dominant financial position. Anglo-American military occupation of Italy gave way to unilateral American domination. British occupation of Greece gave way to the Truman Doctrine. (See Chapter IX.)

The Truman Doctrine not only marked the beginning of open American imperialist violence against a European country, but was the signal for a new stage of intensified political domination by Washington over western Europe. Immediately after the intervention in Greece, the Truman Administration ordered the expulsion of Communists from dependent coalition governments. The worldwide scope and central direction of this move are demonstrated by the fact that in the spring of 1947 within two months' interval Communists were expelled from the governments of Belgium, France, Italy, and Chile. This step was followed by the inauguration of open state terror against the trade unions, the break-

was put over by the British imperialists themselves. But aid from Washington became increasingly important to them, as the British people pressed for delivery on the Labour Party promises. The Laborite politicians put the people off with the excuse that they required financial assistance from Washington and had to play politics according to American capitalist rules.

ing of strikes by armed force, etc., which the capitalists of western Europe had feared to try before their military strength had been built up with United States aid.

Accompanying the Marshall Plan there was an influx of United States trade union bureaucrats, liberally supplied with funds. Their job was to *disorganize* the labor movement of Europe. They succeeded in making some breaches in the united trade union movements in Italy and France and in creating "third force" splinter trade union movements under the influence of right-wing Socialists and the Vatican. They succeeded in pressuring the trade union centers of England, Belgium, and the Netherlands to break the international unity of labor by withdrawing from the World Federation of Trade Unions.

The attacks on the working class of Europe were co-ordinated with parallel attacks against the working class and progressives in the United States. In 1947 the Taft-Hartley Act was imposed on the workers of the United States, as use of armed force against strikers in Europe became the rule. While Philip Murray, James Carey, Walter Reuther, William Green, and their associates split the labor movement in the United States, their operatives in Europe, working as Marshall Plan officials and State Department labor attachés, organized the division and consequent weakening of the trade union organizations of western Europe. In 1950, while the State Department stimulated police violence against fighters for peace in the United States, it arranged for similar action against peace campaigners in Europe. The McCarran-Nixon anti-Communist legislation in the United States was accompanied by the organization of special anti-Communist police forces in the key countries of western Europe, raids, arrests, and assassinations of leading Communists in various European countries.

By attacking the western European Communist parties and trade unions, American imperialism sought to weaken the working class and its political leaders, which had proved themselves during World War II the most reliable forces for defending the national independence of the European countries, and hence after World War II were the main political barrier to Wall Street domination.

The parallel attacks against trade unions, peace supporters, and progressives of various political shades in the United States were designed to prevent any alliance between the working people of the

United States and those of Europe and other areas which Wall Street seeks to conquer.

PROPAGANDA AND INTIMIDATION

The attempted colonization of western Europe includes the attempt to subordinate all cultural life to the standards of Hollywood, the comic strip, *Reader's Digest* and the Coca-Cola ad, as described for dependent countries generally in Chapter V. In return for financial aid, the Marshall Plan governments were forced to weaken or abandon protective measures against the influx of this propaganda for profit. Then the Marshall Plan itself guaranteed the dollar payments of United States motion picture firms, and magazine, newspaper, and book publishers, giving a tremendous advantage to these companies in penetrating certain European markets.

The effects on the British film industry are a case in point. Seeing the trend, the British government in 1948 ruled that at least 45 per cent of all features shown must be British. On October 1, 1949, this was reduced to 40 per cent, and one year later to 30 per cent; while even this limited protection was rendered ineffectual by thousands of exceptions granted by the British Board of Trade. Some British film studios closed down, the others laid off employees and reduced salaries. The survivors sought United States companies to buy them out or join them as partners.[3] With the aid of the French-American financial agreement of 1946, Hollywood weakened the French film industry even more rapidly. United States exports of feature films to Germany quadrupled, and to Italy increased seventeen times, between 1939 and 1949.

The French parliament passed legislation prohibiting Coca-Cola, which was threatening the traditional French beverage, wine. The action was ignored by the dependent French government, but reflected the almost unanimous resentment of Europeans against the imposition of an alien and destructive culture. Similarly, United States comics with their glorification of crime and violence, and fostering of national antagonisms and antilabor sentiments, have given rise to bitter opposition from Europeans desiring to protect their culture and the morals of their youth.

Private propaganda for profit is buttressed by massive United States government propaganda, largely financed by the European countries themselves through funds turned over to the United

States government in return for Marshall Plan and other financial aid, and in Germany as occupation costs. This propaganda is used to influence elections.

The United States government rendered the traditional parliamentary institutions farcical by open, massive intervention in European elections. It conducted threatening land and naval demonstrations and spent millions on demagogic and intimidating propaganda to prevent the victory of the left coalition in the Italian election of 1948.

Here is a description of some of the tactics used to win votes for reaction in Italy, from a magazine article by Gordon Gaskill published by the Marshall Plan administration in Washington:

"Italian children suddenly found themselves handed a game called Cioco dell'Oca. Vaguely like Monopoly, it had American planes and ships as pieces. There was nothing subtle about it. In one space, under the Statue of Liberty, it says: 'All those who don't like this symbol are doomed to hunger and persecution.' Beneath the American flag, it says: 'Under this shadow you will always be free and comfortable.' "[4]

The Chief of the C.B.S. European office, Howard K. Smith, in his book *The State of Europe,* admits that the left coalition would have won the election without American intervention. He comments:

"The West intervened in Italian domestic politics in a way that cast legitimate doubt on the professed American policy of respecting the independence of other nations. It allied itself with social elements in Italy whose aims have nothing to do with democracy, and whose power has been enhanced by that alliance."[5]

Propaganda was not limited to election campaigns. The United States government, through the Marshall Plan administration, launched a vast campaign of anti-Soviet slanders and advertisements of the "generosity" of American imperialism. Mr. Gaskill in the article quoted above explains how propaganda tactics had to be varied from country to country to allow for national differences. He describes the tactics used in France, revealing in the process the utter contempt of American ruling circles for the French people:

"France, for instance, is the prima donna of the Marshall Plan. . . . Ultrasensitive over their past grandeur, their recent occupations, their poor war record, and their chronic chaos, the French would like to forget how much outsiders are helping them. Yet . . . they are, for all their

contrariness, well worth the wooing; France is not only our traditional friend, but our principal military bastion in Europe."[6]

So, the article explains, Marshall Plan publicity in France was turned over to an "understanding" former military intelligence agent named John Brown.

"Brown immediately turned thumbs down on the more blatant kinds of American publicity, ordering: 'No sound trucks playing "The Star-Spangled Banner."' Remembering an old French proverb that 'Seduction is better than rape,' he began allaying Gallic suspicions that we wanted to turn *La Belle France* into an American colony."[7]

PROGRESSION OF POLITICAL CONTROL

Whether it be called seduction or rape, the governments kept in power by the Marshall Plan are ready to sell out the independence of their people on orders from Washington. One way is to sign unequal agreements.

The French government acquiesced to a series of Washington-inspired regulations of western Germany which strengthened the traditional enemy, German imperialism, at the expense of France. All of the Marshall Plan governments signed separate agreements with the United States government which ceded a large measure of sovereignty over internal affairs.

These agreements establish United States Special Missions, with diplomatic ranks and privileges. Mission members, Congressmen, and their staffs are authorized to go anywhere, see anything, and get whatever co-operation they desire from the Marshall Plan governments. American officials and business men swarm over western Europe as the masters, much as the Nazi "tourists" did in countries German imperialism planned to conquer. The agreements give the United States government effective control over the fiscal policies of the Marshall Plan countries, and direct control over a large part of their money supply, through the medium of "counterpart" funds paid in return for Marshall Plan supplies. The European governments are forbidden to protect their own capitalists from competition by United States monopolies.

The French government attempted to suppress the terms of the Marshall Plan agreement which it signed, fearing the wrath of French people who have a high regard for their national independence.

The pettiest American official installed in Europe by the Marshall Plan feels free to throw the book at the dependent European government under his jurisdiction. One example will illustrate the point. The Italian government, acting on Marshall Plan orders, had balanced its budget, stabilized its currency at the expense of the Italian people, and adopted various "deflationary" measures which increased unemployment and left the country wide open to United States goods and capital. But by the fall of 1950, Washington was interested in stimulating Italian war production, which required different policies. One M. Leon Dayton, chief of the Marshall Plan Mission in Italy, delivered a scorching attack on the Italian government for carrying out those policies previously ordered by his own government. The Italian government did not demand the removal of this official. They contented themselves with defending their record, claiming they were already doing what Dayton now demanded of them, and thereby paved the way for adapting themselves to the new turn in American policy.[8] At about the same time, Washington threatened to cut down on Marshall Plan shipments to Greece unless the government of that country stopped being "delinquent" in carrying out certain Marshall Plan instructions. Within weeks legislation was prepared embodying the United States demands.[9]

In Germany, under direct military occupation, and in Greece, under control of military and civilian "advisers," political control extends to the point of open personal choice of premiers, cabinet ministers, and military chiefs. The United States, Britain, and France set up in 1949 a separate West German "state," subject to an occupation statute which left the military forces an absolute veto power over significant legislation as well as control over foreign trade, foreign policy, and national defense. At the same time the military occupation was intensified, and levies for occupation costs were maintained at over a billion dollars per year. Even the hand-picked "cabinet members" of the West German Republic complained of the extent of their domination by the United States. The *New York Times* reported seven months after establishment of the new "state":

"The Germans in Bonn are noisily angry over what they regard as a series of affronts to the competence of their government and the unwarranted intrusion in the internal administration of Germany. . . . A gov-

ernment spokesman in Bonn asserted that the 'Soviet Zone press describes us as the Bonn Marionette Republic and that is what they [the Western Allies] are making us.' "[10]

So trustworthy did some western European rulers become as representatives of the "American Party" that they could be used to "take the initiative" for carrying out major political moves decided in Washington. In June 1947, no sooner had General Marshall as Secretary of State announced in general terms his "Plan," than Ernest Bevin came forward with the detailed outline, as a "European" proposal. In 1950, no sooner had Chief of Staff Omar Bradley called for the economic, political, and military unification of the Atlantic Pact countries than Premier Bidault came forward with a "French" plan for this purpose. Similarly, the Wall Street plan for mobilizing European heavy industry in preparation for World War III was announced by the French Foreign Minister under the title "Schuman Plan."

The capstone of American imperialism's political domination over capitalist Europe came together with the intensification of military domination in the spring of 1950. An Atlantic Pact High Council was established to control the political, economic, and military life of the European member countries. An American was made chairman, with the understanding that decisions would not be by majority vote, but by the chairman after consultation.

THE "UNIFICATION" OF EUROPE

The attempt to achieve United States imperialist domination over all capitalist Europe is carried out under the slogan of European "unity." The American imperialists argue that the various nations of Europe are too small to exist by themselves; that they must merge and yield their sovereignty to a higher "Atlantic" body in which the dominant voice would be on the other side of the Atlantic. The arch-reactionary Winston Churchill, and other Europeans of the same ilk, echo the Washington demand for a "United States of Europe."

The false comparison is made with the federal union of the American states into the United States. That step took place in the early period of capitalism, when people with a common territory, language, culture, and economy, forming a single nation, merged into a national state requisite for the full development of capital-

ism. The various European nations went through the corresponding stage long ago, some before the United States, some later.

The proposal for a "United States of Europe" has nothing in common with that historical development. This slogan was raised during World War I and exposed at the time by Lenin. The slogan involved not the merging into a political unit of people with a common language and way of life; but the shotgun wedding of nations with different languages, cultures, and economies into a single political unit. Under imperialism, the merger of separate nations into a single state is not a progressive step, but a reactionary one. It inevitably involves the conquest of the weaker nations by the stronger, a disguised form of colonization.

Since the end of World War II there have been numerous gestures towards the unity of capitalist Europe—talks for the abolition of customs barriers, establishment of a Council of Europe and of an Organization of European Economic Cooperation, etc. All of these efforts foundered on the realities of conflicts among the various European capitalist groups, on the reality of the desire for national independence of the peoples of Europe.

John Foster Dulles, one of the chief architects of Wall Street's drive for world domination, complains of these failures, and expresses the determination of American imperialism to submerge the nations of Europe. He claims the "right" because "we have made a tremendous investment in western Europe"; and because of the "blood relationship between our people and the peoples of Europe."[11] He insists on "strong pressure"[12] to overcome the resistance of the people of Europe to this new version of Hitler's *Reichschaltung* (Co-ordination) program. He excuses the European quisling politicians who tell him that their people will not let them take the initiative for European unity, that "the United States must push us." He is quite ready to oblige, to ride roughshod over the people of Europe, to discard the pretense of democracy in official propaganda:

> "We cannot at this grave juncture stand on ceremony. Our postwar effort in the West is not an effort to win a popularity contest. Popularity, even if we could buy it, is not worth $20,000,000,000. Also, we are not popular now. . . . We want to do a complete job so that we can leave it and turn our attention and our material aid to the pressing situations elsewhere, notably in the Pacific and the Far East."[13]

The specific economic and military content of European unity *à la* Dulles and Acheson will be discussed in succeeding chapters. Politically it is based on the revival of aggressive German finance capital, as after World War I—but with this difference. This time Wall Street is not satisfied to help in the revival, but is determined to be master of the Ruhr, and through the Ruhr to be master of all capitalist Europe. The central place of Germany in the plans of American finance capital has been clearly expressed by its spokesmen, from Herbert Hoover in 1946, through Acheson in 1947, to Dulles in 1950.

The reasons for the special interest in Germany are several. Open military occupation makes it a well-controlled base of operations. Investments of American capitalists in Western Germany exceeded a billion dollars prior to World War I, slightly more than investments in England, and several times more than investments in any other European country. Through these investments and long-standing cartel arrangements Wall Street has especially close ties with industrialists and bankers of the Ruhr. For this reason, and because of its economic power, the Ruhr is an ideal base for the colonization of all continental Europe. Further, Western Germany is the unreconstructed lair of fascism—of Nazi officers and stormtroopers anxious to obtain revenge for their defeat in World War II, willing servants of the American imperialist plans for a third world war against the Soviet Union. Correspondingly, the Ruhr is the center of any European arsenal for such a war. In addition, a revived and subordinate German capitalism is a counterweight to British imperialism, creating a balance of power through which American imperialism plots to keep both sides in subjection. Thus by the formula of European unity, the British imperialists are placed in the position where they must compete with German finance capital for the "privilege" of being junior partners to Wall Street!

Chapter III discussed the alliance of American imperialism with the most reactionary classes in its colonies and semicolonies. The main allies of American imperialism in western Europe are the finance capitalists, the biggest monopolists of these developed capitalist countries. Fundamentally, the historic ruling groups of England, France, Germany, Italy, etc., have been reduced to the status of compradors for American imperialism almost as much as

their Latin American counterparts. For most of them this is not a new experience. They performed the same role for German imperialism before and during World War II. But it is more general and more complete this time.

The ruling classes of Marshallized Europe are quislings. Many of them wrap themselves in the stars and stripes for protection from their own working classes. While getting what they can out of their own people and the colonial peoples they still partially control, these legions of despair aid in the ruin of their own nations by United States imperialism.

Here is how the prominent capitalist, Eric Johnston, describes the process in France:

> "It's an old story that there are two times best for making financial killings: when a country is building up or when it's going down to disaster. The French industrialist behaves as if he believed his country were headed toward the sinkhole. He spirits away his profits to 'safer' spots as soon as he can—to Morocco, to Switzerland, to South America—and the saying in France today is that he has one foot in France and the other across the Alps or across the seas."[14]

What is true of France is true of the Greek shipowners who are banking their Truman Doctrine profits in New York; of the British capitalists who are shifting their wealth to Wall Street, and of all the rest of the sorry Marshall Plan lot. The supposedly rigid exchange controls of the European countries are like sieves not only for United States companies wanting to take their profits out, but for European magnates wanting to flee to the last remaining stronghold of capitalism.

A report of the United Nations estimates that, in 1947, "illicit capital transfers, evading the exchange controls of European and other countries, contributed heavily to the crisis and in total may well have amounted to as much as $1 billion during the first nine months of the year."[15]

In the two subsequent years, according to the report, the rate of flight of capital increased still further.

We may expect that when the rotten capitalist structure in Europe is finally destroyed, this country will see suburban real estate booms surpassing those stimulated by the Chiang Kai-shek minions who fled with their country's gold and took up residence in Westchester and Florida.

There is one "little" weakness in the growing domination of Washington over Western Europe. The more subservient the dependent capitalists and their politicians become, the more indignant the people become. The subtler propaganda about "democracy" from the United States has little more effect than the earlier vulgar propaganda about "racial superiority" from Germany. The officious economic and political "advisers," the well-heeled business men, the labor attachés, the omnipresent tourists, the arrogant American generals and airmen, are foreign rulers no less than their Nazi predecessors.

A flood of popular hatred of United States imperialist domination is rising in the Marshall Plan countries, threatening to drown the well-laid plans for completing the establishment of control over Europe, to wreck the plot to use Europe as a base for World War III.

VIII. ECONOMIC DOMINATION OF WESTERN EUROPE

The growing political domination of western Europe goes hand in hand with its economic domination by United States finance capital.

Out of the complex of agreements, plans, and transactions which placed the Marshall Plan countries under United States control certain general features stand out:

1. Every transaction is arranged to provide large immediate profits to specific American monopolies.

2. Every transaction is designed to weaken and undermine European economy, to increase the exploitation of European workers, to eliminate barriers to Wall Street ownership of European industry and superexploitation of European labor.

3. The ultimate tendency is the establishment of western European industry as a Wall Street-controlled arsenal for use in the event of a new world war.

We shall consider some of the main steps in this process.

SUPERDUMPING

The tens of billions of United States government grants and credits after World War II made of western Europe an assured dumping ground for the surplus products of American-owned industry and agriculture. Between 60 and 80 per cent of all United States exports of corn, peanuts, copper products, oilseeds, wheat and flour, cotton and tobacco during the first nine months of 1949 went to the Marshall Plan countries.[1]

These goods were shipped not because Europe needed them, but because American monopolies had to get rid of them. Here is the testimony of Colonel Andrews, Chief of Food Procurement for the U.S. Army Civilian Supply Program in Germany:

Col. Andrews: The facts are that you cannot sell those peanuts in the United States because they are simply too high to buy. . . . It is a fine

food and it makes fine fats and oils, but there would be no place on earth for those peanuts to go if we did not take them.

Rep. Taber (N.Y.): At that price.

Col. Andrews: At that price, without going to Germany. The Army virtually had to take them.

Rep. Gary (Va.): Did you say that the Commodity Credit Corporation would not sell you other products unless you bought those to which you referred?

Col. Andrews: In order to get an allocation of fats out of the Department of Agriculture I think it is true that we virtually had to say "All right, we will take some of your peanuts." I begged for lard and so forth, and they said, "We are not going to let any lard go out; you can have the peanuts." So I said, "Let us have the peanuts," because we had to have some fats.[2]

Surplus products dumped in Germany during 1948 included 236,914,086 pounds of shelled peanuts and 443,109,078 pounds of dried and evaporated prunes, raisins, currants, figs, peaches, and apricots, plus 10,801,424 pounds of honey to sweeten the compote. Even this did not satisfy the orchard men who came to Washington early in 1949 and threatened to chop down 28 per cent of their trees if Marshall Plan authorities did not increase exports of dried fruit.

The exports of dried fruit to Bizonia were enough for two and one-half times the per capita consumption in the United States. Enough peanuts went to Austria to supply every Viennese with a nickel bag daily.[3]

United States government propaganda dismisses the characterization of this operation as dumping as "Communist propaganda," and passes off the facts as evidence of "charitable aid" at "great sacrifice" to the United States.

Actually, all of this dumping did not help, but injured the people of the Marshall Plan countries. Together with other actions, it reduced local production in Europe, and curtailed the supplies available through imports from other countries. Thus it made western Europe dependent on United States monopolies for a lower total volume of goods. At the same time, the masses of the European people could not afford to buy the American goods. This was because the policies imposed by Washington, in conjunction with European monopolies, so reduced the buying power of workers that they could not afford to pay the excessively high prices charged for Marshall Plan commodities.

Here is an example: Shipments of United States grain to Italy were especially concentrated in the period before the elections of April, 1948. The shipments were received at Italian ports by the United States ambassador and Italian officials, with a fanfare of publicity about feeding the hungry Italian people.

A cable to the *Journal of Commerce* of New York, in January 1950, revealed the fate of that grain. Forty per cent of the Marshall Plan goods received in Italy during the first fifteen months of the program remained unsold at the end of the period. The percentage was much higher for certain products, including grains and medicines. The *Journal of Commerce* commented:

"Inability of the Italian people to buy a large portion of the products received through the Economic Co-Operation Administration is creating a sales problem for the Italian Government."

The article attributes the difficulties in large part to the economic policies imposed by the Marshall Plan, which forbids reduction in prices of Marshall Plan goods, and insists on "deflation" at the expense of the population. The article concludes, perhaps with intended irony:

"From the psychological viewpoint of E.C.A., it is said, greater individual participation in E.R.P. would help disseminate the importance of the aid program to the average Italian whose main contact with U.S. generosity now comes from newspapers, posters, and newsreels."[4]

American monopolies made unusual profits from this dumping. Commodities were sold at higher than usual, not lower than usual prices customarily associated with dumping. Still more important, the scale of foreign dumping enabled the monopolies to maintain artificial "shortages" within the United States, to raise prices above the wartime peaks for several years thereafter, and then to hold them close to those peaks until rising military expenditures set off a fresh inflationary surge.

The only sacrifices in the United States were those made by the American people, who had to pay the taxes to finance the attempted colonization of Europe, and the high prices which this made possible.

WAGE CUTTING

An essential step in the colonization of Europe is so to reduce the real wages of European workers and so intensify their labor

that the rate of exploitation is pushed up to the standard for colonial and semicolonial areas. This permits American investors to receive the usual superprofits from foreign enterprises.

The *intention* of reducing living standards was revealed in the repeated insistence by Washington on more "austerity," less "frills" such as social insurance, housing, etc. The objective was expressed quite frankly by Marshall Plan Administrator Paul G. Hoffman, in testimony before a congressional committee:

"If we are attempting to supply dollars to Europe, and Europe was attempting, we will say, the wrong standard of living, that would be unsatisfactory. So, we have tried to establish ceilings on standards of living."

His aide, Richard M. Bissell, defined the "ceilings": food—"There we can take 1938 as a ceiling, and that is that"; housing—"well below prewar; in other words, with a larger population housed in smaller and . . . much older quarters"; clothing and consumer goods—"consumption of such commodities should be held down to, in most cases, below prewar levels, in spite of sizable accumulated shortages, shortages that accumulated during the war."[5]

The European working class, which had suffered through ten years of economic crisis and five years of war, was doomed to still deeper suffering under the aegis of American imperialism!

The *methods* of pressing down the standard of living included ceilings on wage rates (enforced with bullets when necessary), rising prices, heavy taxes on the European working class, curtailment of housing and social expenditures, high military expenditures, and repeated currency devaluations dictated by the United States government. United States factories have been flooded with "productivity teams" of capitalists and right-wing trade union bureaucrats from the Marshall Plan countries, here to learn the latest speed-up methods being applied to the American workers.

These methods yield higher profits to the native capitalists of England, France, etc. But these gentlemen could never apply the methods with their own class forces. American capital forbids compromise and forces the European capitalists into anti-labor attacks which they would fear to attempt without the support and prodding of Wall Street.

Let us examine the result in England, the "junior partner" of American imperialism, which still derives considerable booty from

its colonial empire. Marshall Plan officials testified concerning the conditions of the British working people early in 1949, *before* the devaluation of the pound, and *before* the 1950 military mobilization ordered by Washington. The Marshall Plan agricultural expert, Dr. Fitzgerald, described the food situation as follows:

"Like all western European countries, perhaps the extreme example, a change in the quality of the diet is reflected by an examination of some of the changes in the individual food items. As compared to prewar, the United Kingdom per capita consumption of potatoes is 65 per cent higher. The consumption of bread is around 25 per cent higher, whereas with respect to meat, sugar, fats and oils, particularly meat, the per capita consumption is very much lower. For 1948-49 as a whole meat consumption will only run about 70 per cent of the prewar per capita consumption, and at the present time, since the first of April, it has been lower per capita than any time since the beginning of the war."[6]

The housing situation had also deteriorated, Richard M. Bissell testified, with no more housing than prewar, two million more people, and a housing construction program slashed to below prewar levels—the last the result of United States pressure to concentrate the budget on "productive," *i.e.* military, measures.

If the British workers suffer from a Marshall Plan austerity more severe than the wartime version, the situation is still worse in the weaker continental countries.

In Western Germany, according to the highly doctored cost-of-living index, real wage rates, in June 1949, were 13.5 per cent below the level of 1938,[7] when they were already below the crisis bottom of 1932 by virtue of Hitler's wage freeze.

Here is a characterization of life in France from the previously quoted article by Eric Johnston:

"It is no exaggeration to say that profit margins are rarely below 50 per cent and frequently run more than 100 per cent, but most of the people are near destitution. The rich are getting richer, and the poor are getting poorer. The end result of that could be violence—chaos—Communism."[8]

An official report of the Marshall Plan administration admits that in the fall of 1948 real wages were 50 per cent below the prewar level in the Paris area, and even lower relatively in the provinces. Average food consumption had fallen 18 per cent, for workers a lot more. Housing standards were below prewar, and still

deteriorating.[9] After describing the poor conditions of the French workers, the report concludes: "This has resulted in dissatisfaction among workers and, to a considerable degree, explains the continued strength of the Communists, both politically and in the C.G.T." [General Confederaion of Labor.]

The authors of the report were so carried away by the facts as to forget about the line that the strength of the Communists is built on Moscow gold and Soviet "psychological aggression"!

The conservative magazine *U.S. News and World Report* contrasts the luxurious living of Italian ruling circles with workers' average wages of $4.50 per week and incomes of farm laborers of $100 or less per year.[10]

The stake of American monopolies in this poverty can be seen by comparison of United States and European wage rates. In 1938 British, German, and Dutch wages were about one-half United States wages. However, in late 1949 British wages, in dollars, were barely one-fourth; German wages about one-fifth; and Dutch wages barely one-sixth of United States wages.*

The relative cost of European labor power to American capitalists has been cut 50-65 *per cent since* 1938. The wages of the highly skilled, experienced European workers have been slashed close to, and in some cases below, the wages of workers in the traditional colonies and semicolonies.

In November 1947, Mr. Philip Murray set forth a list of ten principles which the C.I.O. demanded of a foreign aid program. These principles included aid to all countries that need it, absence of political or economic strings, creation of a healthy, independent economy in Europe, protection of the American people from resulting high prices, full participation by labor in administration of the program, etc.

All these principles were violated. This did not deter Mr. Murray and the other leaders of the C.I.O. They not only supported the Marshall Plan, but carried out with utmost enthusiasm the one task allotted them in the administration of the program—the task of selling it to the American and European working class.

These gentlemen, by propaganda, by union splitting, by

* Figures based on various publications of the United States Bureau of Labor Statistics, the United Nations, and the Office of Military Government for Germany (U.S.).

"technical advice," helped the Marshall Planners to cut wages by 50 per cent, to set ceilings on the living standards of the European working class, to speed up the workers of Europe. To their eternal shame, they aligned themselves with the mortal enemy of labor on both continents. Is it any wonder that their actions in this country more and more clearly reveal the same pattern of alliance with the employers against wage increases, against lessening of speed-up, against the peace movement, against any independent political position for the American working class?

The Secretary of Labor, Maurice Tobin, was quite right when he told the convention of the International Ladies Garment Workers Union that their Dubinsky and his fellows in other right-wing unions were "worth a hundred divisions or all the striped pants diplomats that are to be found in the State Department," to United States foreign policy.[11]

SUPPRESSION OF NATIONAL ECONOMIES

Washington spokesmen claim that their intention is to help increase European production. Actually, American finance capital endeavors to weaken and destroy whole sections of nationally owned agriculture and industry in Europe—and it has partly succeeded—in order to clear the way for market domination and for the concentration of European labor in production for United States-owned enterprises.

Dumping of farm products was combined with the withholding of farm equipment to prevent the recovery of European agriculture from wartime damage. The Marshall Plan countries requested of the United States $370 million worth of farm equipment during the first year of the plan.[12] The State Department offered to finance $133 million. Actual shipments through June 30, 1949, totaled $40 million. At the same time Marshall Plan shipments of tobacco totaled $111 million,[13] or almost three times as much, largely at the expense of normal markets for Greek and Turkish tobacco.*

* The former prime minister of Greece, Alex Diomede, writes: "Tobacco, until recently the major export, provides a livelihood for some 900,000 persons. The prewar exports of 48,000 tons annually—of which 20,000 tons went to Germany—were worth about $93 million. Now, however, Virginia is displacing Oriental tobacco in Germany, and Greek exports are down to 28,000 tons annually." (Letter to the editor of *The Economist*, London, July 22, 1950.)

By the combination of policies—dumping of surplus United States farm products, refusal of serious aid to mechanization of agriculture, prevention of land reform—gross per capita agricultural production in the Marshall Plan countries in the 1949-50 crop year was about 15 per cent below the 1934-38 average.[14] This result could only mean less food for the people of Europe, combined with a greater dependence on imported food; hence, a worse imbalance in international financial accounts and a greater *dependence* on the United States.

European-owned industry received similar treatment. The suppression of nationally owned oil and coal industries—and the forced dependence of Europe on American oil companies—is an outstanding example.

Chapter II describes the tremendous expansion of oil production by United States corporations, especially in the Middle East. In order to realize the profits from that expansion, the United States corporations had to gain control of European refineries and market outlets, at the expense of European, and primarily Anglo-Dutch combines. Mr. Welch of Standard Oil and his associates, who needed the Truman Doctrine to consolidate their position in the Middle East, needed the Marshall Plan to complement that position in Europe. By the summer of 1948, the American oil combines faced a severe crisis of overproduction. The Marshall Plan provided them with almost a billion dollars worth of business in eighteen months to avert this crisis.

This oil, most of it from the low-cost Middle East wells, was sold in Europe at the same price as Texas oil, insuring the oil combines full realization of imperialist superprofits on their sales. To take advantage of the Marshall Plan guaranteed market, the American oil companies are increasing their oil refining and marketing facilities in Europe more than four times. By 1953 they plan to handle 19.7 million tons, which exceeds the entire 1948 production of all refineries in the European counries.

At the same time the American oil companies and their government try to block the more modest expansion plans of their European rivals. Washington refused the European companies specialized types of equipment available only in the United States, while demanding unlimited access for the American companies to equipment made in Europe. Publicly and privately, they warned

the Europeans against "overexpansion." These pressures forced the strongest European combine, Royal Dutch-Shell, to reduce by one-third the planned capacity of its new British refinery.

The continental European countries soon yielded to complete domination by American oil companies. The stronger British imperialists resisted, and attempted early in 1950 to restrict the import of American-owned oil. American senators, led by the oil-state Senator Tom Connally, assailed this "discrimination." Economic reprisals were taken. Within a few months the British yielded on the terms proposed by the American companies. They not only permitted the American companies almost 50 per cent of the market in the United Kingdom, but opened up to them the previously closed markets of the sterling area.

The flood of American oil also played havoc with the European coal industry. While short of oil, Europe has plenty of coal. In any rational use of resources, designed to restore independence, European countries would moderate the increased use of petroleum, and make special efforts to get full use of the coal resources. Instead, the Marshallization of Europe has accelerated beyond any previous pace the substitution of oil for coal. Production of coal in the Marshall Plan countries in 1949 was 12 per cent less than in 1937[15] and on a per capita basis about 20 per cent less; and already signs of overproduction were appearing. The coal industry of England, a "sick" industry under private ownership before World War II, became still more decrepit after World War II with Labor government ownership under the Marshall Plan.

Industries geared to use of oil were unable to use the coal which unemployed miners could produce; at the same time they were unable to afford the dollar oil without greater dependence on and ever more concessions to United States finance capital.

There are many more examples of the suppression of European-owned industry in favor of the expansion of American imports and investments. The control of the Italian airlines by an American corporation, and the imposition of United States and British military and civil planes on France, has virtually ruined the aviation industries of these two countries. Fifty per cent of all Marshall Plan shipments must be on American vessels, to the detriment of the European shipping industry. It is universally recognized that Italy needs more industry to provide jobs for its

millions of chronically unemployed workers. But as a result of Marshall Plan policies the Italian government was forced to announce, in May 1950, the closing down of a large motor factory, an airplane factory, and a shipyard, employing together 25,000 workers. The government warned of further shutdowns to follow.[16]

The "recovery" achieved by the Marshall Plan is indicated by the fact that per capita industrial production in early 1950 was only 10 per cent above the depression level of 1938, despite the overstimulation of war industries already in effect by 1950. Total commodity production, including agriculture and construction as well as manufactures, was at about the prewar depression level. There were increasing signs of stagnation and economic crisis. Unemployment was mounting in almost all Marshall Plan countries.

DOLLAR DEPENDENCY

Washington propaganda states that the aim of United States "aid" is to help Europe balance its international trade and achieve financial stability. The actual objective has been to further unbalance Europe's international trade, to weaken European finance, to impose the dollar as the single valid currency and the Wall Street banks as the money masters of Europe and, hence, of the entire capitalist world.

The weakening of European finance began in the earliest stages of World War II. England, France, the Netherlands, etc., were forced to give up part of their gold and much of their foreign assets in exchange for munitions. At the same time, the available foreign assets of German, Japanese, and Italian finance capital were seized by the United States government or its satellites, for the most part never to be returned.

As American troops moved into Europe toward the close of World War II, this process was carried further. American officers and some enlisted men sold army goods to European citizens who needed supplies desperately. These commodities were sold at very high prices in the inflated European currencies. The United States government rewarded these black market operators by converting the proceeds into dollars at the official values of the currencies. The subservient capitalist governments of western Europe

were then forced to acknowledge the billions of dollars involved as debts to the United States. Later, the United States government extracted major political and economic concessions for the funding and partial cancellation of these "debts."

Within a year or two of the end of the war, what reserves the European imperialists had left were eaten up in the purchase of commodities from the United States at exorbitant prices, at a time when they lacked the industrial production to pay for them.*

Both loans to individual countries and the Marshall Plan were designed to insure against any effective cure. In order to balance their international trade, the European countries would have to buy less goods in the United States and more from other countries interested in buying from western Europe as well as selling to western Europe. But as a condition for American credits, the European countries were forced to participate in the tariff and trade negotiations sponsored by American monopolies. The result of these negotiations was that American capitalists obtained more than three times as much in concessions as they gave,[17] as they gained access to markets in Europe and other countries formerly dominated by European capitalists. The small concessions given by American capitalists were illusory, since customs regulations and special "Buy American" legislation continued to keep most European manufactured goods out of the United States.† The urgings by Washington to Marshall Plan countries to sell more goods to the United States were in the main ill-disguised spurs to speed up European workers and cut their wages in the name of "lower costs."

Still more important, American imperialism prohibited the adequate development of trade between capitalist and socialist Europe. Having lost a sizable part of their colonial and semi-colonial markets to American imperialism—and to the national liber-

* The fact that these commodities were put to ill use, for luxury consumption by the capitalists, for colonial suppression, does not affect this central point.

†A British company submitted to the city of Seattle a bid for equipment for a power project far below any bids submitted by American companies. The mayor turned down the British bid and gave it to the fourth lowest bidder, General Electric. To legalize this procedure for the future, the City Council then passed an ordnance banning further purchase of foreign-made goods unless they were at least 25 per cent cheaper than corresponding American goods. (*Business Week*, June 10, 1950.)

ation movements in Asia—the European imperialists tried to shift to trade with the growing markets in the U.S.S.R. and the People's Democracies. Not only were many of these countries traditional suppliers of western Europe, but they now constituted huge markets for equipment and raw materials needed for their planned socialist construction. Of course such trade was not of the old character. No longer could imperialists obtain superprofits by dealing on unequal terms with the east and southeast European countries. Yet trade on terms of equality with socialist countries was far more advantageous to the west European capitalists than trade with the United States on terms which imposed a colonial status on Europe.

As one of the conditions of the Marshall Plan, the European capitalist countries were forced to adopt the bulk of the embargo terms against the socialist world imposed by Washington. These terms prohibited the sale of everything from medicines to typewriters on the false grounds that they were "war materials." Business is business, and many European capitalists succeeded in getting around the Washington embargo. Yet it was sufficiently effective to hold trade between eastern and western Europe to less than half the prewar volume, and thereby to accomplish its main objective of further undermining the European capitalist economies.

The United Nations report, *Economic Survey of Europe in 1948,* very sharply attacked United States interference with East-West trade. It warned that "if political dissensions do not give way to more positive acts of cooperation, the economic consequences will inevitably take the form of a further division of Europe and a failure to develop those complementary trading relations which would help the various national economies to overcome their present weaknesses and their abnormal dependence on outside support."[18]

The Executive Secretary of the U.N. Economic Commission for Europe, Mr. Gunnar Myrdal, a Social-Democratic reformist, apparently fails to understand that it is a primary purpose of these restrictions to maintain and increase the "abnormal dependence on outside support" of the European countries.

Consider, for example, this article by the well-informed *New York Times* Geneva correspondent, Michael L. Hoffman:

ITALIAN TRACTORS RUST IN RED TAPE
BAN ON STRATEGIC EXPORTS TO EAST EUROPE AND FIGHT FOR WESTERN MARKETS CITED

"While the United States is financing importation of more than 25,000 tractors into Western Europe this year, 1,000 perfectly good new tractors are rusting outside Italian factories. . . .

"Under a policy of preventing exports of 'strategic items' to Eastern Europe, the United States Government has discouraged Italy from developing a market for tractors in Eastern Europe where the demand is enormous. The East would be Italy's normal outlet under the bilateral trade system prevailing in Europe because Italy could use coal and timber that eastern countries have to exchange. . . .

"French planners go almost lyrical over what France could do with several thousand tractors. France is in fact getting about $11,000,000 worth of tractors this year from the Economic Cooperation Administration. . . .

"It is not enough in Europe today to be willing to buy tractors that producers are willing to sell. . . .

"United States tractor exporters with the support of E.C.A. missions are successfully persuading the French and other Western Governments not to shift purchases from United States products to Italian. This is a common but seldom substantiated charge in European industrial circles."[19]

The "protection of Europe from Communism" is thus revealed as a thrust for markets, directed at the anti-Communist French and Italian capitalists just as earnestly and far more effectively than against the People's Democracies and the U.S.S.R.

By draining away European gold reserves, and disrupting European international trade, Wall Street succeeded in weakening the European currencies. It remained to deliver the hammer blows that would discredit these currencies, force their repeated devaluation, and leave the dollar the only acceptable currency for the capitalist world.

An example of the tactics used is a public report issued by the United States Department of State at the end of 1947:

"At present, the French Government is reported to be considering remedial measures which could take the form either of outright devaluation or of the establishment of a flexible rate pending further progress towards stabilization. . . . The French Government undoubtedly recognizes that the franc is greatly overvalued at its present rate of exchange."[20]

Thus the American financiers, experienced at wiping out small United States banks in the great crisis of the 1930's, succeeded in creating a "run on the bank" against France. Foreign buyers canceled their orders for French goods. French exports dropped 75 per cent during the first two months of 1948, and the government was forced to devalue its currency again, on top of the 58 per cent devaluation of 1945.

In April 1949, the attack on the British pound was launched in earnest. The *Journal of Commerce* reported:

"The United States is using the threat of the American economic decline as the big weapon in its renewed pressure on foreign nations to devalue their currencies. . . . It has enlisted the aid of the Economic Cooperation Administration as the agent through which the frontal attack can be made on the Western European countries first."[21]

Winthrop Aldrich, of the Chase National Bank (Rockefeller), journeyed to London to deliver the terms to the British Labor government. Not only did Americans cut in half their purchases from Britain, but they held back on payment for goods already delivered. In six months the British lost $600 million in gold, equal to one-third of their reserve.[22] By September 1949, the British cut the value of the pound from $4.03 to $2.80, the currencies of the sterling bloc were cut in proportion, and most other capitalist currencies were devalued shortly thereafter.

In 1947 and 1948 the United Kingdom had to export one-sixth more goods than before the war to pay for the same amount of imports.[23] But by February 1950, after the devaluation of the pound, Britain had to export one-fourth more goods than before the war to pay for the same amount of imports.[24]

Thus the United Kingdom, while maintaining its one-sided basis of trade with the sterling area—selling dear and buying cheap—was itself subjected increasingly to a colonial pattern of pricing in trade with the United States and countries under the domination of the dollar.

These devaluations cheapened the dollar cost of wages in Europe, cheapened existing European-owned factories so that American capitalists could buy them more easily, and further undermined confidence in European currencies.

The several billions per year in "grants" under the Marshall Plan were supposed to bridge the financial gap of capitalist Europe.

Actually they made a sieve of European exchange controls through which poured out twice as many dollars as the Marshall Plan pumped in.

As already noted, European capitalists took out at least a billion dollars a year to "safe havens" in the Western Hemisphere. American capitalists took out their profits without effective hindrance, the net flow of investment income and other "service" items to the United States and other dollar area countries exceeding half a billion dollars annually.* An additional billion yearly was diverted for colonial investments and for the international investments of the European-owned oil trusts. Five billions yearly were spent for wars against the colonial peoples and for the European contribution to the American preparation for a third world war.

What was the cumulative effect of the wrecking of European foreign trade, currency, and exchange controls? Despite all the "austerity," all the real-wage cutting, all the superficially strenuous efforts to regain financial independence, a United Nations report found that "Europe was therefore left more than ever dependent on dollar financing to cover its external deficit in 1949."[25]

By mid-1950 Britain, after several months of resistance, was forced to join with the other Marshall Plan countries in a "European Payments Union" which established the dollar as the central clearing currency for capitalist Europe. The financial colonization of western Europe was carried to an advanced stage.

TURNING EUROPEAN INDUSTRY OVER TO WALL STREET

All of the measures leading to the colonization of Europe facilitate the buying up of European industry by American corporations. But that is not the whole story. The links between Wall Street and Washington are so firm, the development of state monopoly capitalism so advanced, that most specific investments involve important assistance from the United States government for their consummation.

* Compiled from the International Monetary Fund's *Balance of Payments Yearbook 1948*. This report shows for nine countries a net flow of $550 million in 1948 to the dollar area, including Canada and parts of Latin America in addition to the United States. Data are not given for the other eight Marshall Plan countries.

Some of the deals were put over as part of the financial negotiations with individual countries. Thus in 1947 the Italian government pleaded for release from the billion dollars in occupation costs and debits for black market operations charged to it. After several months of negotiations, the unpayable "debt" was forgiven, but not without compensation. The return payment was made not to the relatives of American soldiers killed in Italy, but to Wall Street groups whose claim was staked on the basis of their control of the United States and its government. Political and economic concessions went together, as is customary. On the day of the arrival in Washington of the Italian negotiators, the Communist cabinet members were unceremoniously dropped.

The Italian government agreed to issue new bonds, *at 150 per cent of par,* for the worthless Mussolini bonds floated twenty years earlier by J. P. Morgan and Co., Dillon Read and Co., and the National City Bank. The immediate value of this deal was estimated at $136 million.

Further, the Italians had to hold separate negotiations to satisfy the Anglo-American oil companies before the "debt" was forgiven. Standard Oil (N.J.), Socony-Vacuum Oil Co., and Anglo-Iranian Oil Co. were permitted to take over Italian-owned refining and distributing properties, as well as drilling rights for Italian crude oil and natural gas.[26]*

Finally, the Italian government agreed to sign a Treaty of Friendship, Commerce, and Navigation, of the type discussed in Chapter V, which would open up the Italian economy to unlimited penetration by Wall Street. This treaty was not actually signed for another two years, but the "atmosphere" created by the Financial Agreement encouraged United States companies to proceed with arrangements to buy up key sectors of the Italian economy. Such deals were consummated by Pan American Airways and Otis Elevator Co. Lesser deals were made by Southern Rail-

* The head of the Italian delegation, Ivan Matteo Lombardo, a right-wing Social-Democrat, stated in a supplementary note to the agreement: "An agreement has been reached on the partitioning of the market between the foreign companies on the one side and Azienda Generale Italiana Petroli [the Italian oil monopoly] on the other side. This agreement has involved considerable sacrifice on the part of Azienda Generale Italiana Petroli." (State Department Bulletin, August 24, 1947.)

road and General Electric. Negotiations for controlling interests in vital industries were undertaken by General Motors and a group of American insurance companies.[27]

A few months later, a reporter for the *New York Herald Tribune* wrote of the Italian petroleum industry: "Here, in a most important field of the Italian national production, we find for the first time a clear American financial preponderance." (Maurice Feldman in the *New York Herald Tribune,* November 2, 1947.)

The Marshall Plan set up a $300 million fund for guaranteeing new American investments in member countries. By the terms of the guarantee, the American companies were assured the privilege of taking out all their invested capital plus 75 per cent in profits within six years.* Until the middle of 1950, investments under this provision were small in quantity, but involved significant opening wedges for a number of major American combines,[28] including in Italy—Standard Oil Co. (N.J.) and Westinghouse Air Brake Co.; in France—Singer Sewing Machine Co., Dow Corning Co., and Heyden Chemical Co.; in England—Minneapolis Honeywell Regulator Co., Standard Brands, Thomas A. Edison Co., and Jacobs Manufacturing Co. (leading machine-tool maker).

The first really large guarantee, for $12 million, was for the Standard Oil (N.J.) investment in two Italian oil refineries in which it received a half share in accordance with the Italian-American financial agreement discussed above. Standard Oil modestly announced that it did not mean to take full advantage of the guarantee, but only to convert dividends of $14,487,500 during the first twelve years of operations.[29]

Beginning in 1949, the Marshall Plan organization began to arrange special industrial projects with the member governments. Under the arrangements, the projects either were to be directly operated by American companies, or were to be based on American equipment, engineering, and patents, giving effective control to the United States companies.

* The guarantees "only" insure that profits will be convertible into dollars, and that the company will not lose on account of expropriation by the participating country. They do not insure against "ordinary business risks." But the risks insured against are precisely the risks which concern exporters of capital.

The United States government not only helped to negotiate for these projects, but loaned a substantial portion of the capital. By early July 1950, a number of American monopolies were proceeding with important European investments under these terms,[30] including in England—Ford Motor Co.; in France—Standard Oil (N.J.), Socony-Vacuum Oil Co., International Harvester; in Italy —Societa Edison (General Electric) and Linee Aeree (Pan American Airways—40 per cent interest).

With these and other forms of Washington assistance, during the years 1948 and 1949 new United States private investments in the Marshall Plan countries amounted to about $100 million.[31] An additional $150 million or more of profits were reinvested.[32] This, together with the prior investments in European industry, still fell short of direct control by United States finance capital of the decisive sectors of European industry. But it represented a significant penetration, and set the stage for the attempt to acquire direct control as Europe mobilized for the American imperialist war plans.

THE ECONOMIC "UNIFICATION" OF EUROPE

In April 1950, E.C.A. Administrator Hoffman wrote: "Production is restored about as far as it can be within the existing economic framework of Western Europe."[33]

A true and basic admission! By maintaining a dependent, semicolonial capitalist system in western Europe in the midst of the worsening general crisis of capitalism, the United States intervention set absolute peacetime barriers to industry and insured economic stagnation and decay.

This failure of the Marshall Plan not only created serious political dangers for American imperialism, but it hampered the full colonization of Europe. The doors might be opened for investment of Wall Street capital, but there was little point in investing the capital if the goods produced could not be sold because of the lack of European markets. Also, the developing crisis in the European economy resulted in the sharp curtailment of export markets for United States goods, intensifying internal economic problems within the United States.

American finance capital had to strive for a solution. It could not be a solution that would mean genuine recovery for Europe,

a revival of the European market through increased living standards for the people of Europe. It had to be an imperialist solution, which would intensify the colonization of Europe and further increase the exploitation of the working class.

The answer of American imperialism is the merging of west European economy into a single monopoly-controlled arsenal serving the plan for a third world war. Use the Marshall Plan to repress the peace-serving industries of western Europe, but stimulate the war and war-serving industries. Be careful of investing in ordinary enterprises in western Europe, but plunge heavily at the right time to seize control of the European arsenal, which promises to yield huge superprofits.

Draw these investments together with strings pulled in Washington and New York. That is the main economic aspect of all the talk about the "unification" of Europe, of which so much has been heard in recent years.*

The ground has been prepared for the reorganization of European heavy industry under Wall Street domination, and for the revival and expansion of war production in Western Germany—also under Wall Street domination.

Outside of Germany, the plans were carried out largely through the Marshall Plan. By the end of March 1950, the Economic Cooperation Administration had agreed to loan $188,100,000[84] for re-equipping and modernizing steel mills in the Marshall Plan countries. Smaller sums were invested in power plants and other key industries. These loans gave the United States government an influential, and in some cases controlling, capital interest in projects of the key heavy industry combines in Europe.[85] For example:

	United States investment (in thousands)	*Per cent of total new investment*
Alpine Montan, Austria	$ 9,025	49.0
Marihaye, Belgium	7,650	45.5
Sollac, France	49,360	37.1
Ilva, Italy	24,058	21.7
Royal Dutch, Netherlands	23,500	50.0
Steel Co. of Wales, U.K.	27,000	11.2

* It is not the *only* aspect. Another is the elimination of national economic boundaries within Europe, so that American-owned factories, using mass

These steel industry projects are of the Latin American type, described in Chapter V. American combines supply the equipment, take technical charge of the engineering, hold patent rights over the processes, etc. The European steel centers become dependent not only on American finance capital in general, but on the specific American engineering companies which control their equipment and processes.*

The American influence in Ruhr heavy industry is still more potent. Americans hold large blocks of stock in all of the important corporations, such as Vereinigte Stahlwerke, Krupp, Ilseder, etc. The Wall Street operator, Victor Emanuel, together with George E. Allen, close associate of President Truman, and others, own Hugo Stinnes Industries, one of the smaller Ruhr combines. Beginning in June 1950, American capitalists were officially permitted to use their 100 million marks of accumulated profits from existing enterprises in Germany to buy up additional shares, and to bring in fresh capital by permission of the United States-controlled Allied Bank Commission. Within two weeks prices of the German heavy industry shares jumped 10 per cent under the impact of foreign buying.

Under conditions of direct military occupation, there is no barrier to absolute control of key enterprises by Wall Street.

In May 1950, a decisive step was taken toward integration of the various American-influenced heavy industry centers of western Europe with the announcement of the Schuman Plan for pooling the steel and coal industries. On the surface, this was merely a reconstitution of the prewar European steel cartel, with French heavy

production methods, can have a single west European market sufficient to absorb their products. All attempts to achieve this independently failed. It can only be achieved if the colonization of Europe is completed, as a by-product of the complete transformation of Europe into a source of munitions and manpower for the Pentagon war plans.

* Consider the Sollac project, the largest. Sollac is a postwar merger of the eight Lorraine and one Saar iron and steel companies, in which the notorious Wendel group has a 49 per cent interest. Through the Marshall Plan project it will be equipped with continuous rolling mills, on which exclusive patents are held mainly by United Engineering and Foundry (see Chapter II). Thus the Mellons gain control over what is now the largest single steel trust in all Europe, with the Wendels as junior partner.

industry again to be subordinated to German heavy industry within the cartel framework.

But in the concrete circumstances, with American finance capital dominating all participants, the new steel cartel is the attempt to subordinate all the conflicts among the European heavy industry capitalists to the needs of the new masters.*

What these needs were was soon revealed. Secretary of State Acheson conferred with Schuman on the day he announced the cartel plan. Immediately thereafter, the meeting of the Atlantic Pact countries was held in London, at which agreement was reached for American-controlled unification of economic, military, and political policies. The central point was the decision to intensify munitions production in capitalist Europe, a decision carried still further two months later when the United States armed forces began actual warfare in Korea. *Business Week* explained that the Schuman Plan would provide "adequate steel capacity within the pool to provide Western Europe with most of the new arms it needs."[36]

Just as the formation of the Atlantic Pact High Council signified the military mobilization of western Europe for a third world war, so the Schuman Plan signified the economic mobilization of western Europe under American imperialist direction for the projected war.

Even earlier, production of war-essential materials had been stepped up in Western Germany in complete disregard of the Potsdam Agreement. By the middle of 1949 production of heavy chemicals exceeded the 1936 level, in the case of chlorine and caustic soda by more than 100 per cent.[37] Production of primary aluminum, essential for aircraft, also exceeded the 1936 rate.[38]†

* French Premier Robert Schuman boasted of his plan: "The solidarity of production thus established will prove that any war between France and Germany has become not only *unthinkable*, but materially impossible."

This is sheer nonsense. Indeed, the terms of the Schuman Pool are remarkably similar to those of the prewar cartel in which the German and French imperialists jockeyed for position prior to fighting it out on the battlefield.

† To implement the Potsdam Agreement, the Allied Control Council agreed, in March 1946, that production of basic chemicals should be limited to 40 per cent of the 1936 level, while production of primary aluminum was prohibited.

All this occurred while production of consumer's goods in Western Germany lagged far behind the restricted level permitted while Hitler was carrying out his mobilization for World War II.

By the fall of 1950, the intention to use German factories as the major European suppliers of military equipment for the Atlantic Pact forces was no longer concealed.

As the *New York Times* declared on October 12, 1950: "Marshall Plan officials, in co-operation with the Bonn government, are shifting rehabilitation effort here to a frank program of gearing the West German economy to West European defense needs."

Conversion of western Europe into an arsenal for United States imperialism will not ease the incurable economic and financial imbalance of European capitalism. On the contrary, it will intensify all economic and political contradictions, and especially the contradiction between the imperialists and the working classes of Europe, who will have to bear the brunt of the renewed "guns instead of butter" policy.

IX. WOULD-BE INHERITORS OF EMPIRE

The attempt to colonize Europe does not stop at its continental boundaries. All American schemes for subordinating European states involve their colonies and semicolonies as well. Every gain by United States imperialism in Europe loosens the European grip on the colonies. The reverse is equally true. Every gain of Wall Street in the colonies facilitates subordination of capitalist Europe.

Just as Latin America constituted the main strategic reserve of American imperialism, Africa and Asia constituted the main strategic reserves of the European powers and Japan. One-fourth to one-third of the imports of England, France, Belgium, and the Netherlands were financed by the officially admitted income on foreign investments, insurance and banking operations, and the shipping monopoly. The parasitic economic structure and the social basis of capitalist rule in Europe were built on this loot.

World War II was partly a struggle for redivision of these colonial spheres of control. Germany temporarily seized eastern Europe and part of North Africa. Japan temporarily seized some of the richest British, French, Dutch, and American colonies in Asia. At the close of World War II these latter powers attempted to regain their old positions and more at the expense of their defeated rivals and of one another.

However, no European power was able fully to regain its previous empire. The only imperialist gainer was America. As noted in Chapter VI, Wall Street utilized the war to take over some of its allies' overseas bases and investments. It went further afterward, at the expense of both its former allies and enemies.

But these shifts in power were not the main results of the war. More important were the gains of the anti-imperialist national liberation movement. These gains have permanently removed from foreign exploitation a number of countries in eastern Europe and

the most populous country in the world, China. They have reduced the booty in a number of countries where the armed struggle continues, as in Burma and Malaya (British), Viet Nam (French), Korea and the Philippines (U.S.).

The British, French, and other European imperialists lack the strength to cope with all these problems. American imperialism has stepped into the breach. Using the Marshall Plan, the Atlantic Pact, and other devices, it renders decisive assistance in the attempt to maintain or restore colonial rule. It demands and obtains a large share of the colonial booty in return.

A conservative Senator, George W. Malone, Republican, of Nevada, denounced the first half of this arrangement on the floor of the Senate:

> "Mr. President, the United States has sunk to the filthy business of bolstering colonial slavery in various parts of the world.
>
> "Our taxpayers' money is being used by the E.C.A. for the vile purpose of strengthening the yoke of bondage and slavery among the primitive peoples ruled and worked by imperial overlords. . . . We are simply making enemies of the Far Eastern and African peoples, and they will join any nation promising them relief from this yoke.
>
> "Mr. President, the North Atlantic Pact simply guarantees the integrity of the colonial system throughout Asia and Africa."[1]

Being himself an imperialist senator, Malone could not go further. His essential complaint is that American corporations have to pay high prices for colonial raw materials owned by Europeans. His practical proposals stem from this: "Mr. President, this Nation should demand equal access to the markets of the areas we defend. I do not say that we should demand that they release these colonies."[2]

Let us see how the aid given to the European colonial powers is used to carry out Malone's injunction, and give Wall Street a larger stake in colonial slavery.

The dependency of the European economy on the dollar weakens the *financial monopoly* of the European bankers over their colonies and semicolonies. By the end of 1949 the Netherlands West Indies, Greece, Norway, Israel, Iran, and Egypt had broken away from the sterling bloc, and in varying degrees had shifted from dependence on London finance to dependence on New York finance. A number of other countries were threatening to move in

the same direction. This means less income for the London banks. More serious, it means that many international settlements must be made in gold or dollars instead of sterling or other European currencies. For example, by 1950 the Anglo-Dutch oil trusts had to spend in their world-wide operations $535 million gross and $275 million net per year, a serious drain on the British treasury's supply of gold and dollars.[3]

Thus the loss of positions of financial supremacy in the colonial world in turn aggravates the over-all dollar dependency of European capitalism.

The dependency of the European economy on American supplies weakens the colonial *trade and investment monopoly* of European finance capital. This tendency first appeared during World War II, when the European powers had to agree to the principle of "free and equal" access to raw materials as a condition for Lend-Lease supplies. In view of the superior economic power of the United States, only the special barriers erected by the European powers could keep out their American competitors. The process of breaking down those barriers took on specific form after World War II.

The Marshall Plan agreements referred to in Chapter VIII also included colonial concessions. The European imperialists agreed to turn over colonial raw materials free of charge for American military stockpiles.* They also agreed to negotiate arrangements, providing "suitable protection for the right of access for any citizen of the United States of America or any corporation . . . in the development of such materials (originating in the Netherlands or

* The Economic Cooperation Administration (the Marshall Plan agency) boasts: "Enough rubber to produce 7,000,000 automobile tires has been purchased from Marshall Plan countries by the Economic Cooperation Administration. . . . All of it has gone into the U. S. Government stockpile. . . . The rubber, if used, is slated for airplanes, Army trucks, jeeps and other military equipment.

"The rubber, together with such scarce items as sisal, industrial diamonds, bauxite, palm oil, graphite, platinum, sperm oil and cryolite, is pouring into the U. S. stockpile at a rate equivalent to $2 million worth a month, with little or no cost to the American taxpayer. Purchases are made with E.C.A.'s five per cent share of counterpart funds—foreign currency deposited by Marshall Plan nations to match E.C.A. dollar grants. The five per cent account is reserved exclusively for U. S. use." (E.C.A. Press Release No. 1627, July 27, 1950.)

its colonies) on terms of treatment equivalent to those afforded the nationals of the Netherlands."[4]*

Thus the erstwhile rulers of Asia and Africa have signed agreements for their colonies essentially the same as the trade agreements signed under Washington pressure by the Philippines, Uruguay, etc. These and other concessions have facilitated gains in United States foreign trade with the European colonies, as shown in Chapter II. Obviously the partial surrender of colonial raw materials, and the superprofits therefrom, further increase European economic dependence on the United States.

The inability of the European powers to repress the national liberation movement without assistance provides Washington with its most powerful lever. England, France, and the Netherlands require American financial help, munitions, and ultimately American armed forces for their colonial wars. But American imperialism alone cannot win these wars either. Hence the Washington strategy is not to take direct control of all colonies immediately. It aims instead to leave large portions of the colonial world under the nominal rule of, and policed by, European troops, while reducing the European capitalists to junior partners of Wall Street in these colonies as well as in Europe itself.

In the end, the entire capitalist world outside the United States would be converted into an integrated empire, a grand strategic reserve for the planned third world war, by which American finance capital hopes to rule the world. In this scheme England, France, etc., are reduced to the position of tsarist Russia, which in its time acted as the gendarme of Asia, but was in turn a semi-colony of western finance capital.

THE TRUMAN DOCTRINE AND THE MIDDLE EAST

When Leo Welch staked the claim of the oil barons to the entire world, the obedient United States government moved in to prove the claim in the crucial oil area of the Middle East. Within a few months, in March 1947, the President announced his "Truman Doctrine." He asserted that anywhere in the world this government would intervene to "assist free peoples to work out their destiny

*The Netherlands is used here as an example. Similar language appears in all the Marshall Plan agreements.

in their own way." This was accompanied with the usual slanders against the Soviet Union.

The immediate application of that doctrine exposed its demagogy. Truman asked for funds to support the Greek and Turkish governments, both fascist dictatorships.

The American people were stunned by the Truman Doctrine. The atrocities of the British soldiers and Greek fascist forces against the Greek people had evoked widespread disgust. In 1945 the then Secretary of State, Mr. Stettinius, had declared United States neutrality as between the Greek people's forces, the E.A.M., and the monarcho-fascist-British imperialist alliance. When the question of United States intervention in Greece was first raised publicly a few weeks before the Truman Doctrine was enunciated, some Senate leaders insisted that they would not aid the Greek monarchy, or give military help, or assist British policy in the Middle East. The press, not yet fully "co-ordinated," showed more sympathy for the E.A.M. forces than for the monarchists. The atrocities of fascist reaction in Greece were looked upon as the colonial policy of British imperialism, in which the U.S. would have no part.

Actually the Truman Doctrine marked the accession of United States imperialism to the dominant military and economic position in the entire Middle East.

Prior to the Truman Doctrine, British military forces had acted as protectors of the British as well as the growing United States corporate investments in the Middle East. But British imperialism could no longer do the job. In two years Britain had spent $348 million in Greece and $328 million in Palestine. Neither dollars, nor the eight thousand British troops in Greece, nor the British-armed fascist troops, nor the United States U.N.R.R.A. supplies had been able to halt the national liberation movement.

At the end of February, the British government informed the United States government that it could no longer hold down the Greek people. The British request for help was granted. American imperialism was prepared to become its own policeman where necessary, and increase its own profits by taking over British positions in the process.

From a military point of view, Greece and Turkey dominate the vast oil wealth of the Middle East, just as United States military

positions in the Caribbean dominate the oil and foodstuffs of Central and South America.

The *New York Times* correspondent C. L. Sulzberger gave the game away:

"The United States' interest in Greece is not mere sentiment. Greece controls eastern Mediterranean strategy. Should Greece turn Communist, Turkey would be politically outflanked and could no longer resist a pressure that already is onerous. Without Turkey, Iran would go under.

"The United States has a powerful concern in the Middle East because in that area is Saudi Arabia and in Saudi Arabia there probably is more oil than in the United States' proved reserves."[5]

To emphasize the connection, Truman proclaimed his doctrine a day after consummation of the agreement whereby the kingpins of the Rockefeller oil empire, Standard Oil (N. J.) and Socony-Vacuum, were cut in on the Arabian oil bonanza.

But Greece and Turkey are not *only* the "hard shell" which guards the Middle East oil empire. They are *also* bases for further conquest, part of the drive to control all the lands and waters south of the Soviet Union as part of strategic plans for invading the U.S.S.R.

Thus Secretary of Defense Forrestal admitted to a Senate committee that the oil grab was an important consideration, but pointed out that it was not "the sole consideration." He explained:

"I would say it was the recognition of the fact that the entire area from Gibraltar to the Indian Ocean . . . is of vital interest to the United States . . . I mean militarily first and to a certain extent economically afterward."[6]

The traditional "life line" of the British Empire was being ceded to the American Empire, and primarily for purposes of war.

As a bloody by-product of these broader considerations, Greece was converted into a concentration camp for the Greek people, a source of colonial superprofits for American corporations.

American companies received a virtual monopoly of the Greek market, and all contracts for the extensive engineering work carried out as part of the military campaign. International Telephone and Telegraph took over the communications system; American Tobacco Co., the processing and export of the most important

product, tobacco; T.W.A., the airlines; Ulen Co., the distribution of water to Athens and Piraeus; Cooper Construction Co., concessions for hydroelectric power construction and mineral exploitation.[7] By mid 1950 arrangements were being made for Ebasco Services (Electric Bond and Share—Morgan group) to handle a new $200 million Greek power system.[8]

The rate of exploitation of labor was stepped up to the colonial standard. While wages were virtually frozen, the cost of living index increased 1,300 per cent between 1945 and 1949. Trade unions were outlawed and a fascist labor front established through the collaboration of American trade union bureaucrats and of gangsters who had previously served the German occupation forces. As soon as the Americans moved in, the Communist Party was formally outlawed and the terror intensified.

The United States mission publicly dictated the composition of cabinets and economic measures, and set up a system of American supervisors who constituted the actual government of Greece. The heads of the mission, successively Dwight Griswold and Henry Grady, were known as the gauleiters of Greece. These gentlemen reviewed and approved the executions of Greek patriots, including those executed by the present Greek government for opposition to the German invaders. The United States military mission, headed by General Van Fleet, commanded the Greek army centrally and in the field, supplied all armaments, and determined strategy and tactics. The Athens correspondent of the United Press said in a report that appeared in the Greek newspaper, *Kathimerini:*

"All Americans in Greece agree that the direct transformation of Greece into a colony—the United States holding in its hands the administration of Greek affairs—would be the simplest and most practical way of putting the country on its feet. But that would constitute a flagrant deviation from the traditional attitude of the United States in regard to other nations. So efficiency is sacrificed in favor of 'advice' and 'suggestions.' "[9]

But all the resources and leadership of the United States were insufficient to bring speedy victory to Greek fascism. At first the guerrillas were going to be beaten in a few months; then surely in 1948. Each campaign found them stronger. With limited territory

and no outside arms, the popular armed forces held off the quisling troops for two and one-half years after the beginning of the Truman Doctrine. Finally, in the fall of 1949, with the aid of Tito's forces, a military defeat was inflicted on the People's Army, and the military struggle was stopped. There was no surrender, but a turn to other methods of struggle.

During the three years 1947-49 the United States government poured out $797 million to subjugate the Greek people,[10] on top of previous expenditures through U.N.R.R.A. and the earlier British expenditures mentioned above.

This victory of the Truman Doctrine was so uncertain, so transient, that in the far-from-free elections of February 1950, the largest vote in Athens was cast for the party of John Sofionopoulous, which represented the most leftward political grouping permitted to operate legally in Greece.

Not satisfied with Greece, United States finance capital took advantage of the liberation struggle of the Jewish people in Palestine to establish another stronghold for its profits. Here also the cost of repression was too much for weakened British imperialism. But owing to a number of circumstances, it was not possible for the United States to take over direct military control, as in Greece.

The Jewish people had especially broad popular support in the United States. The fascist elements within the Jewish community were too weak to form a base for counterrevolution. The U.S.S.R., within the United Nations, gave powerful support to the cause of the national liberation of both the Arab and Jewish peoples of Palestine.

The upshot was the United Nations partition decision, the creation of the independent state of Israel, and its successful defense against invasion by the Arab League, inspired and financed by the British.

Many American liberals who deplored the efforts of United States imperialism in Greece praised the actions of the same imperialism in Palestine. Yet what are the facts?

During the armed struggle for the independence of Israel, the United States government embargoed arms shipments to Israel, while the armed forces of Transjordan, led by a Britisher, and the armed forces of Saudi Arabia, controlled by American oil com-

panies, attacked Israel. The decisive arms for the defense of Israel were supplied by Czechoslovakia.*

What about economic aid? American Jews and non-Jews have sent hundreds of millions of dollars to Israel to help in its development. This money is controlled by American Jewish capitalists, under whose direction it is spent not to develop the Israeli economy, or to improve living conditions, but to solidify the position of Wall Street and its Jewish agents in Israel.

The predominant sentiment among the people of Israel is for socialism and for an independent economic development. But the hundreds of millions of American dollars have been used to consolidate in power the dependent capitalist elements of the country. In return, the government has made special tax and foreign exchange concessions for American investors, has devalued its currency and introduced a Marshall Plan type of austerity program at the expense of the Israeli people.

A. B. Magil, in his recent book, *Israel in Crisis,* exposed the Wall Street groups which have taken advantage of this situation to gain control of the key sections of Israeli economy from British capitalists, to buy a large share in Israeli banking, shipping, utilities, and potash. Such investments are no more the road to genuine economic development in Israel than they have been in Latin America. They lead only to superexploitation of the people of Israel. Robert R. Nathan, a leading economist in the circles of Americans for Democratic Action and a representative of the Jewish Agency for Palestine, set the objective of two billion dollars in foreign capital for Israel in three years. If that goal were achieved, and an average of 10 per cent per year profit on foreign investments taken out as authorized by the Israeli government, the burden on the people of Israel would amount to $1,000 per family!

Nor is that all. The borders of Israel are the scene of frequent frontier incidents, and the country is boycotted economically by the

* By the end of May 1950, a dozen persons had been fined as much as $11,000, and/or jailed for terms of three months up to 10 years for violation of United States export controls. Another 25 cases were pending, according to a Department of Commerce report. Why are these persons prosecuted? "Few of the actions involved shipments destined for Russia. Most of the criminal actions arose from efforts of sympathizers of Israel to get arms while she was fighting for her independence." (*New York Times,* May 29, 1950.)

Arab states. With Israel governed by capitalist elements who do not respect the national rights of Arab neighbors, and near-by countries governed by feudal elements who thrive on anti-Semitic incitations, war is a constant menace. Louis Lipsky, the Zionist leader, charges that the State Department is inciting warfare between Israel and her neighbors, and blames this on British influence.[11] It is not British influence, but Wall Street control of the State Department, that is responsible. The game of the new masters of Palestine calls for incitement of national antagonisms among peoples of the Middle East.

Israel is merely a minor pawn in the Middle East oil empire. The main line of United States foreign policy is the alliance with the feudal and prefeudal rulers of that area against the people. The rule of reactionary monarchs such as Ibn-Saud and Abdullah cannot be continued without the safety valve of chauvinist incitement to divert the people from their real enemies. Any time that the instability of the oil companies' position requires such an outlet, the United States government will not discourage, but will attempt covertly to encourage fresh assaults on the state of Israel. Pentagon-directed violence against the people of Israel can occur just as "naturally" as violence against the people of Greece.

Further, Israel by its location is part of the Middle Eastern war base against the U.S.S.R. Economic and diplomatic dependence on the United States means the certain engulfment of the new state in any third world war. As the preparations for that war became more advanced, the Truman Administration shifted from the policy of arms embargo against the Middle East to one of "equitable" arming of all Middle Eastern countries, with the object of using them all. The Israeli government obediently follows the diplomatic lead of the State Department.

Domination of Greece and Israel are but two aspects of the entire campaign of the oil combines and their governments for control of the Middle East. Imperialist governments invariably act for these corporations. When the balance of forces changes sufficiently, that action takes the form of aggressive expansion.

The weakening of British imperialism and the relative strengthening of United States imperialism inevitably led to the redivision of the Middle East. The British government inevitably sought to delay and if possible prevent that process, the United States government to advance it.

On February 8, 1943, Mr. W. S. S. Rodgers of the Texas Co. submitted a memorandum to Secretary of the Interior Harold Ickes which said in part:

"Concern is felt over the rapidly increasing British economic influence in Saudi Arabia because of the bearing it may have on the continuation of purely American enterprise after the war. Direct aid from the United States Government to the Saudi Arab Government instead of indirect aid through the British as at present would check this tendency and give some assurance that the reserve of oil in Saudi Arabia will remain under control of Americans. . . . One manner in which direct aid might be extended to the Saudi Arabian Government by the United States Government is through the machinery of lend lease."[12]

On February 16, 1943, Mr. Ickes discussed the matter with the President, and on February 18, President Roosevelt directed the Lend-Lease Administrator, Mr. Stettinius:

"In order to enable you to arrange for lend-lease aid to the Government of Saudi Arabia, I hereby find that the defense of Saudi Arabia is vital to the defense of the United States."[13]

Thus President Roosevelt, in the midst of a war against fascism, became the supporter of the slave-owning monarch of Saudi Arabia, not for any purpose connected with the war, but for the advantage of United States oil companies over British oil companies.

This is another instance of the fact, brought out in Chapter VI, that essentially Roosevelt was the captain of the imperialist ship of state, who acted to advance the interests of American imperialism in war and peace. The real power behind Roosevelt's move was the oil companies who directly inspired it, and their men who crowded the key wartime government agencies.

PENETRATION IN AFRICA

Prior to World War II United States finance capital was largely excluded from exploitation of the African peoples by the European monopolies. Barely five per cent of African foreign trade was with the United States. Only three per cent of the foreign investments in Africa were held by Americans. The most important of the $200 million of United States investments in the continent were the Firestone rubber interests which ruled Liberia and the junior partnerships in South African and Rhodesian copper companies.

Those who claim world leadership could not permit such a

situation to continue. The redivision of the world in favor of American corporations has already embraced most available areas. If it is to be carried further, if it is to achieve a pace which can sustain the unbalanced monopoly economy of the United States, Africa offers the best outlet for billions of dollars in surplus capital, the best new source for a rich variety of strategic war materials.

While American and European capitalists collaborate and merge their capital funds for the exploitation of Africa, at the same time American participation conflicts with European, and especially British ambitions. The British magnates are reluctant to share their last remaining stronghold with their more powerful senior partners. While yielding under pressure, they attempt to slow up and obstruct American penetration in various ways. Thus, in January 1950, the British Colonial Development Corporation turned down a loan for one of its African projects from the Wall Street-dominated International Bank for Reconstruction and Development on the grounds that the terms of the loan would constitute "the opening wedge for the bank towards control or a veto power over the borrowers' activities."[14]

Serious measures to undermine that resistance were undertaken during World War II, when American military action in Africa was made the occasion for establishing military bases and trade connections which were not given up after the war. Between 1938 and 1948 United States trade with Africa jumped from $150 million to $1,200 million, the latter figure representing nearly 15 per cent of all African foreign trade.[15]

The Marshall Plan, the Point Four Program, etc., are new levers to pry open Africa for Wall Street. Marshall Plan funds are used to pay the expenses of American explorers, sent in the best colonial tradition to pave the way for mining companies and military expeditions. By July 1949, the E.C.A. was able to announce: "American experts with Marshall Plan aid are probing Africa from the Atlas Mountains to the Cape of Good Hope for agricultural and mineral wealth."[16]

These explorations and loans for American mining equipment were tied in with deals to permit American investments. The E.C.A. reported:

"Opportunities for American capital participation were disclosed in French North African lead mining, French Cameroon tin-mining,

French Congo lead-zinc mining, New Caledonia nickel development, nickel development in the Celebes, and in aluminum production in Sumatra."[17]

A typical transaction was the loaning of funds by the E.C.A. to a Moroccan lead mining company, Mines des Zellidja, while the Newmont Mining Co. bought a share in the company and managed the operation.

The devaluation of currencies forced on European countries in 1949 was used to extract further colonial concessions. The Anglo-British-Canadian financial conference held in Washington, in September 1949, agreed that the first order of business should be the establishment of a committee of the leading bankers of these countries to accelerate American investments in the British colonies.

Two months later, a similar committee of leading French and American bankers was set up, to "stimulate and facilitate development of overseas territories of the French Union."[18] To emphasize its importance, the top men of the leading banks of both countries were appointed.*

The bankers seek to intensify the exploitation of the African people. For that purpose they must construct roads, railroads, and port facilities to permit the transport of larger quantities of raw materials. This will also increase the Wall Street share, since the European centers lack the capital for such a program, and must accept American aid.

During the month of June 1950, the E.C.A. advanced funds for the purchase of American road-building equipment to be used in the Belgian Congo, three French African colonies, and five British African colonies. This is just the beginning. A greatly enlarged railroad network is planned. The American explorers, among other activities, are preparing for a thousand-mile railway

* On the American side the members were Winthrop Aldrich, chairman of the board, Chase National Bank (Rockefeller); W. L. Kleitz, president, Guaranty Trust Co. (Morgan); H. C. Sheperd, president, National City Bank; Harold Stanley of Morgan, Stanley and Co.; J. M. Schiff of Kuhn, Loeb and Co.; D. Douglas Dillon of Dillon Read and Co.

On the French side the bankers were Emile Minost, president, Banque de l'Indo-Chine; E. Monick, Banque de Paris et des Pays Bas; A. Avon, Banque de l'Union Parisienne; A. de Boissieu, Union Européenne Industrielle; E. Poilay, Banque de l'Afrique Occidentale; C. Valensi, Banque Lazard Frères; R. Meynial, Banque Worms.

connecting Rhodesia, Tanganyika, Kenya, and the East African coast. According to a British African publication, the E.C.A. plans to spend nearly $1 billion in developing transport facilities south of the Sahara.[19] Senator Johnson of Colorado proposes that the United States government invest billions to open up Africa under the Point Four program. It will be noted that the various American activities and plans in Africa do not bother to pretend concern for the African people; that the development carried out merely intensifies the colonial pattern of highly efficient extraction of raw materials alongside the most backward internal economy.

While the big flow of American funds awaits these preliminaries, important new investments have been made already.

Much of the United States expansion in South Africa and Rhodesia has been financed through Anglo-American holding companies. One of the oldest of these is the Anglo-American Corporation. Its managing director is the Honorable Randal Hugh Vivian Smith, of Morgan's London office, whom we met in Chapter II. The wealthy Oppenheimer family is the leading group on the British-South African side. This holding company has increased its properties considerably during and since World War II. By 1950 it controlled or had large shareholdings in 42 South African and Rhodesian companies, in addition to numerous smaller holdings. Through subsidiaries, it invested in many of the new gold mining companies and in eight diamond mining companies.[20]

In 1946 another merger of capital was formed for the redivision of Africa, called the American Anglo-Transvaal Investment Corporation. The American bankers of this $20 million corporation are Ladenberg, Thalmann and Co., and Lazard Frères Co. The British partners are Lazard Bros. and Co. and J. Henry Schroder and Co. This combination by 1950 had acquired large shareholdings in ten important South African companies, in addition to smaller holdings in many more.

The Kennecott-Anglovaal Exploration Co., formed in 1948, and controlled by Kennecott Copper (Morgan), has bought into gold and other mining properties, mainly in the Orange Free State.

The acquisition of the controlling share in Southwest African Copper by American interests was discussed in Chapter II. The American Metal Co., another Anglo-American merger, has also expanded its African holdings.

Subsidiaries of Goodyear, General Motors, Firestone, Ford, and Studebaker are expanding their manufacturing and assembly operations in South Africa, to supply the market of the white ruling class.

The Metals and Minerals Co., a merger of French and American capital, is developing the Conakry, French West Africa, iron mines, with the aid of Marshall Plan credits. In 1947 American financial groups gained control of the Moroccan Atlas Mining Association, which has a virtual monopoly of lead deposits in the Atlas Mountains. The Gulf Oil Co. (Mellon) obtained a 65 per cent share in a petroleum concession in French Tunisia, French capital supplying the remaining 35 per cent.

The Republic Steel Co. has obtained control of the iron mines of Liberia, joining Firestone in the ownership of that puppet republic. The Gulf Oil Co. received the petroleum concession in Mozambique, Portuguese East Africa, and the Sinclair Oil Co. the concession in Ethiopia, areas formerly dominated by British capital.

The governor of the State Bank of Ethiopia is Jack Bennett, former financial adviser to General Clay in Germany. Americans act as advisers to the emperor in the key posts of foreign affairs, finance, and commerce. Two out of the three airlines going to Addis Ababa are American-operated. Ralph Chapman, who cites these facts, writes in the *New York Herald Tribune* of June 18, 1950:

"American influence—some good, some bad—dominates the life of this tin-roofed capital of Ethiopia these days. It ranges from the immensely popular United States Information Service reading room, established last December, to the activities of an assortment of 'carpetbaggers' who hope to enrich themselves at the expense of the Ethiopian population in the shortest possible time."

A half dozen major United States monopolies have moved into another former British possession, Egypt, whose government lures still more American investments with the advertisement:

Egypt, Land of Perpetual Sunshine, of Inexpensive Manpower, of Peaceful Labour, of Low Taxes.[21]

The Geiger counter is standard equipment for American explorers in Africa. War materials, and especially uranium for atomic bombs are the most prized discoveries. Nearly all of the products

of the world's richest uranium mine, that at Shinkolobwe in the Belgian Congo, goes to the United States.

It could be but a matter of time before Wall Street's monopoly of this important product, and increasing share in Belgian Congo trade (see Chapter II), would result in a part ownership of the Congo mines.

In 1950 United States capital bought a large share in the railroad leading out of the mines, and a smaller share in the mining company itself.[22] Participants in this deal included the Wall Street banking houses involved in the Anglo-Transvaal group and Rockefeller's International Basic Economy Corporation. Thus the Rockefellers as well as the Morgan group are deeply involved in the repartition of Africa. The potential of this deal is indicated by the fact that in the single year 1948 the mining company involved, Union Minière Haute Katanga, made gross profits of $33,300,000 on share capital of $59,500,000.[23] The mine workers are employed on seven-year slave labor contracts, and receive $25 per month.[24]

The extensive penetration of American capital in Africa is the clearest negation of the myth of United States "anticolonialism." Everywhere the American corporations pay the customary wages of twenty cents to a dollar per day, and support the most oppressive African colonial regimes.

But the people of Africa are no longer helpless and disorganized. Alphaeus Hunton points out:

> "Militant trade unions, many of them affiliated with the World Federation of Trade Unions, are developing mass strength and genuine labor consciousness; their strike action is the visible vanguard expression of the demand for a new life of freedom by African peasants and wage-earners alike."[25]

The isolated tribes are uniting into a giant African nation covering much of the continent. The mass murders by British, French, and South African armed forces in Madagascar, the Gold Coast, Rhodesia, Nigeria, and South Africa cannot stop this movement. The attempt to intensify the exploitation of the African workers increases and broadens the national liberation struggle. The London *Economist* warns:

> "The development of Africa, however, is not as simple as some think. The stirring political consciousness of the Africans, the lack of

food and lack of labour make it essential for the European powers to move slowly and cautiously with their plans. If Africa had been a plum simply needing to be picked to be enjoyed, it would have been picked a long time ago. As it is, the difficulties in the way of the sort of development which the Americans visualize are immense, and they cannot easily be overcome."[26]

The British spokesmen point up these difficulties to stress the need for their continued partnership as skilled colonial administrators. But no combination of United States capital and British colonial skill can quell the rising independence movement of the African people, which will thwart the ambitions of American imperialism.

THE FUTURE OF IMPERIALISM IN ASIA

For fifty years American imperialism planned to dominate Chinese trade. In 1900, using the newly conquered Philippines as a base, the United States government joined in quelling the Boxer rebellion (a Chinese anti-imperialist uprising) and announced the "open door" policy—*i.e.,* the demand that American finance capital be dealt in with the other imperialists in the Chinese booty. During the next fifteen years United States companies were active in the scramble for concessions. Despite the support of the State Department, most of their efforts failed before the superior Far Eastern power of Britain and Japan.

After World War I the United States maintained extraterritoriality in China. Its citizens acted as foreign overlords, as did the British, French, and Japanese. Its gunboats also patrolled the Yangtze, and helped thwart the revolution of 1925-27. United States investments in China were increased, although they remained below those of England and Japan.

World War II gave the United States absolute military superiority over British and Japanese imperialism in China. American troops were in the seaports, American bombers on the airfields, and Americans commanded the Chiang Kai-shek forces. The Chinese treasury was completely dependent on the United States treasury—even its currency was printed in the United States. United States officials could decide what China might buy, what she should sell, and on what terms.

The fifty-year policy of the "open door" finally justified itself. The door was wide open to United States finance capital, and shut tight to all others.

But the victory came too late. The people of China had outpaced it. Against all imperialisms, they had built a force for liberation which could no longer be quelled.

The United States government spent six billion dollars in the vain attempt to hold China.

For a year and a half after the surrender of Japan the United States Army equipped and trained Chiang Kai-shek's army, while General Marshall negotiated with the People's Democratic forces led by the Communists.

By the end of 1946 Marshall's preparations for war in China were ready. Negotiations were broken off and Marshall returned to the United States to be Secretary of State. The Truman Doctrine was ushered in with the assault on the Greek people in Europe, and the open, all-out assault on the Chinese people in Asia. The dubious success of the Truman Doctrine in Greece was overshadowed a hundredfold by its final, decisive failure in China. The people of China utterly defeated the puppet government of Chiang Kai-shek.

In their rage the representatives of finance capital forgot discretion. It became the fashion to speculate publicly about how "we" lost China. The official White Paper on China admitted that the defeat of Chiang Kai-shek resulted from the expression of the will of the Chinese people—"the product of internal Chinese forces which this country tried to influence but could not."[27] As for the Kuomintang regime, "Its leaders had proved incapable of meeting the crisis confronting them, its troops had lost the will to fight, and its Government had lost popular support."[28]

Wall Street has not given up its aims in Asia. But it adjusts its methods to the overwhelming fact that the billion people of the Far East have followed the lead of the Chinese people, and are engaged in a most powerful struggle for national liberation. Thus American imperialism devotes its main energies to trying to defeat that struggle, so that it may cash in on its advantages over its imperialist rivals.

World War II resulted in the temporary, partial liberation of

the colonies of southeast Asia which had been occupied by the Japanese. The national liberation forces, led by Communists, helped defeat the Japanese armies, and set up civil rule after the war.

But even during World War II, the American and British imperialists prepared for the restoration of colonial rule. Huge stocks of arms were sent to India and Australia. For the most part, these were never used against the Japanese, but saved for the later war against the people. Tens of thousands of Dutch and French soldiers were trained for colonial campaigns in the United States and in Anglo-American overseas bases.

At the end of the war, the imperialists divided the labor of smashing the nascent people's governments in the Far East. The American Army took on the job in the Philippines and Korea; the British in Malaya and, until the Dutch were ready, in Indonesia. The French imperialists moved against Viet Nam. Everywhere the former Japanese occupationists remained to give their imperialist rivals what aid they could, as the Spanish colonists had done in the Philippines fifty years before. And everywhere the returning rulers accepted this aid against the people they were supposedly liberating.

All of these campaigns for colonial subordination have been conducted with the utmost ferocity and with barbaric methods. All have been financed, armed, and given diplomatic support by the United States government.

But not for nothing. In return for aid in the *recolonization* of Asia, Wall Street pushes its traditional demand for the "open door," to break the monopoly of the former owners and gain a share in the spoils.

In a few places American capitalists have already been able to move into southeast Asia. For example, the British monopoly of Thailand's economic life was broken by the predominance of American armed forces in the area and the wartime Anglo-American cartel arrangement for the division of the tin supply. Once in, the Yankee businessmen would not get out, and they have since obtained control over a substantial portion of Thailand commerce. British capitalists loosen their grip on the economy of India as they negotiate for the United States government to take over part of the billions in short-term credits held by Indian capitalists—that is, to take over part of the monopoly of Indian trade and economic

life. An American official has been appointed governor of the Central Bank of Ceylon.

But the concrete gains of the American imperialists in Asia—outside of Japan—have been small in comparison with other areas of the world. Characteristic of the situation is the action of the Ford Motor Co. in canceling its plans to erect an automobile assembly plant at Singapore because of "unsettled political conditions." There is little point in setting up factories, opening up mines and plantations, if the people will take them over shortly! The main thing *now* for the imperialists is to forestall that.

The Far Eastern expert, Owen Lattimore, advised the State Department to try to split the national liberation movement by a policy of "equal sacrifices" on the part of the new Asian governments and their former colonial rulers. Let us see how this policy has worked out in Indonesia.

The first step was to find "good" nationalist leaders, who would slaughter all the Communists they could lay their hands on. This is how Chiang Kai-shek got his start as the angel of western imperialism in 1927. Such Indonesian leaders were found in Hatta and Sukarno.

What are the sacrifices on each side?

The Indonesian government recognizes the foreign ownership of all the Dutch, British, and American plantations, tin mines and oil fields and refineries, the complete control of Indonesian trade, transport, and finance by Dutch capitalists. It recognizes the right of the owners of these properties to extract their superprofits. It recognizes their right to invest more capital on favorable terms. It recognizes that it must take over the cost of armed forces to repress the plantation, oil, and dock workers who inevitably rebel against the onerous conditions of colonial labor on the plantation and in the tin mine.

The Dutch government recognizes that it no longer has sole control; that soft jobs as colonial administrators and overseers in Indonesia can no longer be provided members of the Dutch ruling families; that competing United States capital can no longer be kept out of Indonesia and consequently the Dutch share of the loot must decline.

The difference between genuine national liberation and such sham liberation is shown by the following:

The Chinese People's Republic has announced its intention of increasing the proportion of industry in the economy from 10 per cent to 30 or 40 per cent in the next twenty years.

But the President of Indonesia on New Year's Day, 1950, invited foreign capital to help "develop" the country. According to the report, "Chief business opportunities here are in export of oil, rubber, tin, lead, coffee, quinine and spices; in the import of manufactured goods and shipping."[29] In short, nothing will be done to change the colonial character of the economy, producing only raw materials and dependent on imperialist countries for manufactures.

The Chinese People's Republic denounced the unequal Treaty of Friendship, Commerce, and Navigation with the United States, which made United States corporations the masters of the land.

The Sukarno government not only recognized all of the private economic interests of Dutch corporations, but took on a burden of $1,131 million of debt to the Dutch bondholders, almost three-quarters of it representing the former internal debt of the Dutch colonial administration; that is, the accumulated cost of the attempt to repress the Indonesian people by force of arms.[30]

In this contrast, which is visible to all the millions of the Far East, lies the doom of United States imperialist ambitions.

The Lattimore tactics give way to brute force. And United States imperialism, in its desperation, plans to use that force in a war against all Asia. The British imperialists are approaching the end of their financial and military rope in Malaya—and that against only five million people. Washington prepares for the day when the British will call quits, as in Greece, and invite the Americans to take over the "white man's burden."

Such a situation is closest in Indo-China. The French imperialists could not suppress the people with 150,000 troops, 40 per cent of them German Nazis, and a half-billion dollars per year. They pleaded for United States arms and finances. Dean Acheson stepped in to mortgage Indo-China. He agreed to supply arms for the suppression of the Indo-Chinese people, but on conditions. American military and Marshall Plan missions moved into Indo-China to supervise the supplies. They deal with the French officers, but also directly with the French puppet, the Riviera playboy Bao Dai. Bao Dai's "independence" is increased—that is, his dependence on

the French imperialists is reduced, but his dependence on the American imperialists is correspondingly increased.

Behind the backs of the "legitimate" government of Bao Dai, United States imperialism adds its forces to those already engaging the Vietminh national independence movement, which *Business Week* admitted "has won the support of a great majority of the Vietnam people—including about 90 per cent of the non-Communists in the country."[31] The magazine further admits that such overwhelming support for the national liberation movements is typical in Asia.

In the vain attempt to halt this massive tide, Japan is scheduled to play a role similar to that of Germany in Europe. It is the most highly industrialized country, suitable as an arsenal. Connections between American and Japanese finance capital were quite strong before World War II, and Wall Street companies have bought heavily into the Zaibatsu trusts since then. MacArthur strengthens his indefinitely prolonged military occupation, while he rearms the Japanese military clique. Expressing the fears of all countries in Asia, M. N. Roy writes in the *National Standard* of Bombay, India: "It is now taken for granted in Tokyo that, in the event of a major campaign, Japanese troops will be fighting everywhere as the 'Gurkhas of America,' that is to say, as mercenaries."[32]

The article notes that Japan under the United States-backed Yoshida government is "definitely resuming the character of a police state" in order to impose MacArthur's war program on the Japanese people, who, having felt the atom bomb, are overwhelmingly opposed to future military adventures.

THE INVASION OF KOREA

The new stage of open warfare by American armed forces against the people of Asia began in Korea, in June 1950. In the southern half of this country, occupied after World War II by American troops, the imperialists installed one of the most unsavory puppets in all Asia, Syngman Rhee. He dutifully turned everything of value over to the American Army officers and to American corporations. He organized a landlord-fascist army of repression against the Korean people.

So unpopular was this fraudulent regime that despite the terror, despite the rigged election system, Rhee was beaten three to one

in the voting of May 1950.* Rhee defied the new assembly and maintained dictatorial power. The South Korean Assembly accepted the invitation of the North Korean Assembly to discuss their merger to form a single government. It was clear that the days of Wall Street's puppet were numbered. As a last resort, the American masters gave the go-ahead for the attempt to save Rhee by aggression against the Democratic People's Republic which was established in all Korea in 1945 but permitted to operate only in the sector occupied by Soviet troops.

Brigadier General W. L. Roberts, head of the American military mission in Korea (K.M.A.G.), said three weeks before Syngman Rhee's Army started the war:

"In Korea the American taxpayer has an army that is a fine watchdog over the investments placed in this country. . . . K.M.A.G. is a living demonstration of how an intelligent and intensive investment of 500 combat-hardened American men and officers can train 100,000 guys who will do the shooting for you."[33]

The former Minister of Internal Affairs in the Rhee regime, Kim Il Suk, stated:

"It is generally known that in spring of this year Syngman Rhee, upon being summoned by MacArthur, took a trip to Japan where he received an order from MacArthur to place his army at MacArthur's disposal when the campaign to the north was undertaken. . . . Syngman Rhee . . . was assured that when he undertook his campaign to the north he would be supported by the American Air Force and by the American Navy, and that from Japan there would come an army of volunteers and that, therefore, he would certainly win the war right away. At dawn on 25 June of this year Syngman Rhee gave the order to begin the campaign against Northern Korea."[34]

The Asian peoples were aroused by the open American imperialist intervention in Korea. A Syrian news agency stated:

"As to public opinion, there is not the slightest effort to conceal sympathy for the Northern Forces. . . . It sympathizes with the Koreans as an Asian people. It hopes that the defeat of American intervention will lessen the chance of war."[35]

* Rhee put 90 of the opposing candidates in jail, and permitted fewer than 30 per cent of the people to vote. Yet only 48 of his candidates won, against 162 "independents," most of them advocates of peaceful unification with North Korea.

In India the *Lucknow Herald* wrote:

"[The United States] has taken over seriously the white man's burden from Britain and is constantly rattling her sword. United States action (in Korea) is not only no guarantee of world peace but it is a definite threat to it, and the sooner the world realizes it the better. All this talk of the freedom and liberty of smaller countries is mere propaganda. . . ."[36]

Thus, the beginning of open American aggression in Asia resulted in a political defeat of the first magnitude for Wall Street. Its military results completely shattered the myth of white superiority which still serves as a vehicle for chauvinist incitement. Why were Korean soldiers able to trade blow for blow with better armed, air- and navy-supported, American troops?

The basic reason is clear enough. They were fighting for their national independence, for the land they and their ancestors had tilled for centuries. The American soldiers had no interest in a war fought in foreign lands for no purpose they could understand. MacArthur won temporary military victories by pouring virtually all the combat troops of the United States Army and Marines into Korea. But he could have no hope of really conquering the country and its people, of occupying more than the main cities and lines of communication, like the French colonizers in Indo-China today, or the British colonizers resisting the American revolutionary war for independence 175 years ago.

Truman and MacArthur had to plead with their dependent European clients for help. Heavy casualty lists were reminiscent of World War II days. The military budget was doubled.

And all this in a war against only 3 per cent of the people of the Far East.

What price will the United States pay if it permits the rulers to extend the war to China, Indo-China, the Philippines, to engage all of the people of southeast Asia?

X. MILITARY DOMINATION AND WAR

Imperialism means war. Since the initial division of the world among the great powers, wars between them, preparation for war, or post-war reconstruction have been practically continuous. Wars between secondary countries, fronting for imperialist groupings, and wars of repression against the liberation movement in the colonies and semi-colonies, have been even more frequent. Finally, since the socialist revolution in Russia in 1917 the most desperate conflicts have been the wars of intervention against that revolution, in 1918-21 and 1941-45.

Not a year has passed without war on sufficient scale to account for thousands of casualties. Two general wars for redivision of the world have involved most of mankind. The period of immediate preparations for World War I, the war itself, and the period of primary reconstruction thereafter extended from 1912 to 1923. The corresponding period for World War II extended at least from 1936 to 1949. Altogether, for 26 years, the greater part of the first half of the twentieth century, imperialist war dominated the lives of virtually the entire world. The first imperialist world war cost ten million dead. The second war cost 40 million dead. A third world war, for which mobilization is already underway, might result in the killing of untold millions of people.

The development of American imperialism into the main source of the war danger is reflected in the table on page 197 on armaments expenditures in periods during which this country was not itself engaged in open war.[1]

Between the 1870's and the 1890's, before the epoch of imperialism, annual military expenditures increased by about one-fourth, while per capita military expenditures actually declined, in accordance with the decline in the price level.

The epoch of imperialism brought militarism to America. Military expenditures increased fourfold in the twenty years between the

early 1890's and the period immediately before World War I. During the next 25 years, there was another fourfold increase. At this time the United States was approximately keeping pace with its leading rivals. American military expenditures were slightly less than British expenditures in 1913, considerably larger in 1929, and again slightly less in 1936.

	Average annual military expenditures (in millions)
1871-1875*	$63
1891-1895	80
1901-1905	220
1911-1915	333
1926-1930	745
1936-1939	1,235
1948-1950	11,726

* For all dates, fiscal year ends June 30.

Though American imperialism was not the angel of peace and naïve unpreparedness which its apologists would have us believe, neither was it the main center of militarism and war provocation. It played its part, together with imperialist rivals, in fomenting and participating in wars. But in comparison with what came later, militarism in the United States before World War II was indeed a puny affair. During the period of 1936-39 military expenditures averaged $1,235 million per year. During the post-war period 1948-50 military expenditures averaged about $12 billion per year. This is a tenfold increase in a little more than a decade, but it is only a part of the story. The official "defense expenditures" omit many billions of hidden or indirect military outlay.

President Truman, in his budget message of January 1950, for the fiscal year 1951, estimated the total cost of war and war-related expenditures at $30 billion, or 71 per cent of the total budget.

Moreover, military expenditures have risen year after year. Between the fiscal year 1948 and fiscal year 1950 expenditures for "national defense" rose from $10.9 billion to an estimated $13 billion, or about 20 per cent. Over the same period, expenditures for atomic energy (*i.e.,* for atomic and hydrogen bombs), which are not included under "national defense," rose from $466 million to $673

million, and were scheduled, *before the Korean War,* to rise to $817 million the following year. Expenditures on the atomic bomb alone in the fiscal year 1951 were scheduled to exceed total annual military expenditures for all purposes during the 1920's!

It is in comparison with other capitalist countries that United States military expenditures were most ominous. In fiscal year 1950 they were more than four times as large as the British expenditures, despite the fact that the British imperialists themselves were spending almost four times as much as in 1936. They were approximately twice the total expenditures of all other capitalist countries combined.

The $30 billion which President Truman mentioned as the total of direct and indirect military expenditure equalled the entire national income of England, and exceeded that of any other capitalist country. The scale of military expenditures in the United States was unprecedented in peacetime. It even exceeded in absolute amount Hitler's war budget in the years immediately before World War II. And all this was before the partial mobilization which accompanied American intervention in Korea. Subsequently President Truman advanced an "intensified mobilization" budget. It proposed for the fiscal year 1952 contracts to spend $94 billions, and actual cash expenditures of $72 billions, within 10 per cent of actual expenditures in the World War II fiscal year 1943.

BASES AND ALLIANCES

In the realpolitik of imperialism, military power is not kept at home for defense. It is constantly thrust outward, in peace as well as in war, to extend the realm of direct military control. The economic domination of the capitalist world by American imperialism and the overwhelming military forces which flow from this superior strength are used in the attempt to establish United States armed forces, on the spot, in all decisive sectors of the globe.

It has become commonplace for Pentagon and State Department officials to speak of "our" defense lines along the Elbe, from Gibraltar to Suez, from Japan to the Philippines, etc. By constant repetition of the theme, many Americans have been trained to accept the idea that it is our responsibility to patrol the world.

This thinking reaches its logical conclusion in such manifestations as the cartoon by Justus in the *Minneapolis Star* in 1947, show-

ing Uncle Sam as a policeman twirling his club astride the globe, with the caption: HIS BEAT—THE WORLD.

The magazine *U.S. News and World Report* for April 1, 1949, carries an article with the headline: U.S. DEFENSE ZONE: THE WORLD. In the article is a map, placing in gray the "U.S. Defense Zone . . . Where U.S. Power, Military and Economic, Plays a Dominant Role." This map claims all of North and South America, most of western Europe, part of North Africa, all of Asia except for the U.S.S.R., China and the Arab League states, all of Oceania and the North Polar regions. This gray-patched area embraces lands with a population of well over a billion people.

Nor is it complete. It omits Franco Spain, where at the time the State Department still denied holding military bases. It omits Liberia and Tripolitania in Africa, and Saudi Arabia in Asia, countries where there are American military bases, countries markedly under the military and economic domination of American imperialism. It classifies Yugoslavia as doubtful, a classification which would hardly be maintained at present.

Considering the U.S.S.R., the People's Democracies of eastern Europe, and China as a unit, the map shows more than 80 per cent of the land boundaries as being part of the "U.S. Defense Zone." As for the water boundaries, all of the nearest land, separated from the U.S.S.R. by water, in every direction, is regarded as part of this "Defense Zone." The map shows no defense zones or spheres of economic domination pertaining to the socialist countries outside of their own territory, and it shows no point on their territory within thousands of miles of the United States proper.

Is it any wonder that the article finds it a "problem" to "convince Russia that the real purpose of the Atlantic Pact is defense and not attack"?

This magazine map is no artist's dream. The huge "defense zone" is studded with American air, naval, and land bases. The armed forces of the countries in the zone are being converted or have been converted into mere auxiliaries to the American armed forces. Under the Inter-American Defense Pact of 1947, the arms of all western hemisphere countries will be "standardized" to the United States pattern, and military training will be reorganized according to Pentagon rules by American military advisers. By 1947

the armies of Greece, Turkey, Iran, and the Philippines were under direct United States control. The North Atlantic Pact of 1949 established United States domination over the armies of capitalist Europe.

To what uses will these armaments, bases, and one-sided alliances be put? Against the U.S.S.R.? Certainly—but not exclusively. They are for use against other victims as well, and these victims come first.

ARMS FOR COLONIAL SUPPRESSION

The Director of Finance of the Ford International Corporation, N. A. Bogdan, in the speech quoted in Chapter III, commented on the "wonderful record" of the British in the nineteenth century in making profits from certain types of investments. He explains that this was possible because the British had "an overpowering fleet . . . prepared and able to sail into foreign ports, and merely by waving its flag could obtain cooperation of foreign governments."

As for the United States, it is using investment treaties instead, according to Bogdan. Such a treaty "replaces with something quite different the British fleet of 50 to 100 years ago. The foreign governments should look upon it *not* as an instrument of power or threat, but as a stabilizing foundation and a factor of clarification."

What hogwash! The investment treaties clarify nothing but the predominance of United States military force, the only force sufficient to compel a foreign government to sign away its resources to Wall Street monopolies.

We have seen, in Chapter I, how the positions of American imperialism no less than those of British imperialism were established and maintained under the shadow of the Navy and the Marines. Consider the role of military force in some of the areas newly penetrated by United States finance capital, or in those where the extent of economic control has been intensified during and since World War II. The connection is obvious in directly occupied Germany and Japan. It is scarcely less obvious elsewhere.

In the British West Indies, where the United States obtained naval bases in the famous bases-for-destroyers exchange of World War II, concessions have been given to United States corporations for oil and bauxite. Can there be any question that British imperialism would have maintained the monopoly of these raw materials for its trusts if it still maintained military power over these islands?

The United States obtained new military bases in Newfound-

land, Labrador, and Greenland as a result of World War II. American troops use Canadian territory as a site for military exercises. Can one doubt the connection between this absolute military domination and the fact that *all* of the new iron ore and petroleum discoveries have been turned over to U. S. controlled combines, with not a whisper of complaint from Canadian capitalists that they should use most of the ore and oil to develop independent, Canadian-owned industry?

The recent expansion of American investments in Liberia followed the granting of a 99-year lease for a naval base at the capital, Monrovia, to the United States Government. The rapid American trade and investment gains in French North Africa followed the establishment of a string of military bases in French North Africa itself and near-by Mediterranean areas.

When Standard Oil and Socony Vacuum joined in the expanded exploitation of Arabian oil, it was in direct violation of the Red Line Agreement with British and French companies, which provided that none of these companies would enter into a Middle Eastern oil concession without inviting the others. The protest of the excluded companies was limited to a futile lawsuit. Of course, if the British or French had an air base at Dhahran instead of the Americans, if the British or French were in control of the military forces of Greece and Turkey, it would have been the British or French companies that reneged on the agreement.

Even the investment treaties which have been concluded usually *followed* the establishment of absolute military domination. This was most obviously true in the cases of the Philippines and Chiang Kai-shek China. It was equally true of Italy, whose government had to depend on the physical presence of United States warships and the threat of United States warplanes to maintain itself in power in the 1948 elections. It was true of the other countries which negotiated similar treaties under the shadow of the Inter-American Defense Pact or the North Atlantic Pact.

Today it is not less true, but more true than ever that the essential, final requirement for imperialist exploitation of subordinate countries is military domination. That is the only force which can temporarily create the "climate" the monopolies constantly demand.

This is true because the resistance of the people of underdeveloped countries to imperialist exploitation is so much firmer, so

much better organized, than ever before. This is true because even the native capitalists, compromised as they are by imperialism, utilize every weakening of the foreign grip, every distraction which temporarily removes the master's military force, to push their own enterprises and limit the loot of the imperialists. Thus the extension of United States military power meets with serious resistance, and some setbacks even in the western hemisphere. The obedient government of Panama accepted a treaty which would permit the United States to maintain its wartime airbase on Panamanian soil. But the Panama assembly, under the pressure of popular forces, refused to ratify the agreement.

Newfoundland thwarted Washington's plans to dominate the island completely, by electing to affiliate with Canada. F. G. Bradley, the leader of the Newfoundland delegation which sought affiliation, said: "Newfoundland people resent these bases. What they resent is that their property was taken away without their consent. Their sovereignty was impaired."[2]

Economic domination is imposed not only by U.S. armed forces, but by the financial involvement of subservient governments in Pentagon war plans. For years the Latin American governments called on Washington for the economic assistance owed them in return for wartime supplies. But at each international conference the economic assistance was postponed while military and political domination was increased. At Rio de Janeiro in 1947 the Latin American countries were given a military pact, and in Bogota in 1948 they were given an anti-Communist alliance, with economic assistance still put off.

The effect of this "protection" by the United States on the economies of Latin America is indicated in a letter warning that the Inter-American Defense Pact would have the following "wholly undesirable" consequences:

> "We shall encourage expenditures for armaments by the other American Republics, which will weaken their economies and therefore their political stability, and we shall be called on by the poorer countries to subsidize the program at great cost to this government.
>
> "Encouragement of expenditures on arms by the Latin American countries runs directly counter to our basic economic and political policies, which aim to encourage an improvement in the living standards and economic welfare of those countries.

"The sacrifices which all Latin American countries would be requested to make under the proposed program would drastically limit or defer their effectuation of plans for industrialization, improvement of transportation, production of strategic materials needed by the United States, and correction of presently poor conditions of public health, education and social welfare."[3]

This letter was written in March 1947, on the instructions of Secretary of State Marshall by the then Undersecretary of State Dean Acheson! That was before the days of Acheson's "total diplomacy." Some government officials could, for whatever reasons, take seriously the official pronouncements about helping the development of other countries. This document was promptly attacked by Secretary of War Patterson, and three months later Marshall publicly supported the enabling legislation for the Inter-American Defense Pact.[4]

The value of the armament pact to United States imperialism lies precisely in the fact that it weakens and subordinates the Latin American countries economically as well as militarily.

During 1949 the United States exported $88 million of "special category" goods, *i.e.*, armaments and other military supplies, to the Latin American republics. Every Latin American country bought some. As much went to the Atlantic Pact countries of western Europe, and far larger quantities to the puppet governments of Asia and the Middle East. In all, United States exports of military goods during 1949 amounted to $506 million.[5] *This is ten times the reported annual prewar rate of the international armaments trade between all countries.*[6] In July 1950, the first full month of United States military intervention in Korea, exports of munitions jumped to an annual rate of $830 million (excluding, of course, military supplies sent abroad for use by the United States armed forces). The expanded war preparations budget calls for increasing the total to several billions yearly.

Hitler used the export of munitions as a major part of his technique for acquiring control over the countries of southeastern Europe. His operations were puny and local compared with those of the Pentagon-Wall Street group today.

MILITARY DOMINATION OF WESTERN EUROPE

Five years after the capture of Berlin, United States armed forces could operate freely on a larger portion of European territory than

in May 1945. United States air bases in England were maintained after World War II, and expanded in 1949. Three of these bases were equipped with the heaviest bombardment aircraft, and constitute a threat of atom bombardment to all of Europe. Also in 1949 the main United States military forces in Germany were converted from internal security functions to tactical combat functions, and equipped with weapons of "terrific fire power."[7] A further expansion of United States armed forces in Germany was announced in 1950, while attempts were made to break down the zonal military barriers so that the American troops could directly occupy the Ruhr. By the spring of 1950 the plans for American air and naval bases in Spain were openly admitted, and late in 1950 the garrisoning of French and British soil with American ground troops was begun.

American warships call at will at the ports of all European capitalist countries, and airplanes fly at will over their territory. The western approaches to Europe are controlled by American air and naval bases in England, Greenland, and the Azores. The southern approaches to Europe are controlled by a string of bases established around the Mediterranean which have made that sea an American lake. If the military plans of the North Atlantic Pact are carried to completion, the ring around Europe will be closed from the north also with bases in Norway.

This military domination is carried forward with especial speed under the Atlantic Pact. Under this agreement the military plans of the European countries are placed under Pentagon control. Dumping of armaments to an ultimate amount estimated as high as $20 billion replaces Marshall Plan dumping. Thousands of American military experts infiltrate the European armed forces under the guise of training troops in the use of United States arms.

The Atlantic Pact pretends to protect capitalist Europe against the mythical danger of invasion from the Soviet Union. The authors of the Pact know full well that the Soviet Union is a non-aggressive state. It is a socialist state with no capitalists seeking foreign investments, with nobody to profit from exploitation of labor at home or abroad. Unlike the situation in the capitalist countries, where armaments are the best sources of profits for the monopolies, military expenditures are a bane in a socialist country, because they reduce the resources available for planned socialist construction. The myth of "Soviet imperialism" is, therefore, a logical absurdity. The long

history of Soviet attempts to bring about international reduction in armaments, to secure the prohibition of weapons of mass destruction, to organize collective security against aggression, is no trick of diplomacy, but an essential component of its domestic and foreign policy.

The argument used to justify conversion of western Europe into an armed camp is a specious one. Here is the sequence: 1. The U.S.S.R. wants to invade capitalist Europe and has the military power to do so. 2. Capitalist European states lack the armaments to prevent such an invasion. 3. Therefore it is necessary to spend several years building the military potential of capitalist Europe to the point where it can resist Soviet "aggression."

Is it not clear that if the premises were correct, the Soviet Union would have invaded western Europe a long time ago, without giving its victims a chance to rearm? Is it not clear that the failure of the Soviet Union to invade western Europe at its period of military helplessness confirms the non-aggressive character of the U.S.S.R.?

The real purposes of the Atlantic Pact are to permit the *actual* invasion of western Europe by United States armed forces, in order to complete the colonization of that area, and in order to build bases for American imperialist attack on the U.S.S.R.

It aids in the colonization of capitalist Europe by building armed forces for use against the working class, and by weakening the economies, impoverishing the population, and increasing the dollar dependence of the European countries. That American armaments and armed forces under the pact are directed against the people of Europe is revealed by statements such as that of Secretary of State Acheson stressing the need for the pact to meet "indirect aggression" and "internal disorders."[8] Strikes, peace demonstrations, even elections of left groupings can be defined as "internal disorders" calling for United States military intervention or the use of Pentagon-directed European armed forces for suppression. The intent was further revealed by the Draft Bill for Military Aid originally submitted to Congress by the Administration. This provided that the President could provide assistance to any nation he chose, and that:

> "The term 'nation' shall mean any foreign government or country, or group thereof or any representatives or group of the people of any country, however constituted, designated as a 'nation' by the President for the purposes of this act."[9]

This clause was dropped on the insistence of the Republicans, who were then averse to giving the President so much power. But the ruling groups in this country will and do act in accordance with this clause, despite its absence from the language of the legislation. Thus Chiang Kai-shek becomes the Chinese nation. New York has become the center of all sorts of espionage and sabotage groups from Eastern Europe aided as representatives of their "nations." Washington is the harborer of the diplomats of former capitalist Latvia, Lithuania, and Esthonia, cast out by their peoples a decade ago. Tito, exposed at the Rajk treason trial in Hungary as an agent first of German, then of Anglo-American, imperialism—by evidence which has never been refuted—is aided as the representative of the Yugoslav "nation." In the same spirit, any time the Pentagon decides this is desirable, a Gaullist coup d'etat in France can be promoted as representing the French "nation."

This is the time honored method of selection of puppet governments, practiced historically by the United States in Latin America, by Britain in the Middle East, and by Hitler in continental Europe.

How does the Atlantic Pact weaken Europe economically? For a century the British imperialists forced the people of India to pay the costs of the occupying armies. Now the American imperialists are doing the same to Britain. Part of the expenses of the air bases, which make such a prime target of England, are borne by the British Treasury. All of the expenses of the United States Atlantic Pact military advisers in Britain and other countries must be paid by those countries. Where these countries are heading is seen by the present experience of Western Germany, where occupation costs of a billion dollars per year absorbed in 1949 the earnings of about one month out of twelve for the average citizen, a toll that is increasing as United States armed forces in Germany and their military installations are increased.[10]

The European countries have been under growing pressure from Washington to increase their military budgets, already a cause of severe financial strain. *Business Week* explained that the May, 1950, meeting of the British, French, and American Foreign Ministers would result in a shift of Marshall Plan emphasis from butter to guns, from consumers' goods industries to war production.[11] The Dutch Government complained that "to continue military expenditures under future North Atlantic Defense Pact arrangements at

their present rate would mean that all hope of economic viability for the Netherlands was 'going right out the window.' "[12] The French warned that a further increase in their swollen military budget would risk "inflation that would play into the hands of the French Communists."[13] With the invasion of Korea, the pressure on the European governments was increased, to the point where they agreed to further rises of 40 to 100 per cent in their war budgets. The British Government memorandum accepting the Washington order to step up armaments expenditures complained that:

> "It would entail very heavy costs in payment of necessary dollar and other imports, loss of exports and reduction of essential home investment . . . it will entail real and substantial sacrifices by the British people. It will delay the recovery, and postpone the improvement in their circumstances, for which they had hoped as a result of their efforts since the end of the war."[14]

As with Latin America, such effects are precisely what Wall Street is after. The increased cost of imports means a deepened dollar dependency. This is intensified by the preclusive buying of all raw materials in sight by the United States corporations and by the military agencies for their stockpiles, so that European capitalist countries must come to terms with Wall Street and the Pentagon in order to get essential supplies to run their industries. The sacrificing of export markets to the needs of war industries also suits the aims of the United States monopolies, who wish to repeat their World War II experience of seizing other countries' foreign markets. The reduction in real wages of the people of England and other Atlantic Pact countries means cheaper labor power for the bankers and industrialists who march with the GI's into Europe.

In sum, the deployment of United States troops and aircraft in Europe, as well as the correspondingly increased political and economic domination, create the "climate of confidence" which the big capitalists talk about. Fruits of this, shown in Chapter VIII, are the large investments of Wall Street capital in the conversion of European heavy industry to war purposes.

How was it possible to dragoon the countries of western Europe into participation in an anti-Soviet war bloc? Not only are the masses of the people of the Marshall Plan countries fervently opposed to war against the U.S.S.R. but even sections of the ruling classes fear

such a war. They know that their countries would be bombed, and fought over, and what is more important to them, they know that such a war would create a revolutionary situation.

The apparent paradox in this situation was seen in May 1950. The French newspaper *Le Monde,* widely regarded as the organ of the French Foreign Office, carried a series of articles urging French neutrality between the United States and the U.S.S.R. A week later the French Foreign Minister, Schuman, participated in the conferences with Bevin and Acheson to deepen the military collaboration with the United States.

The solution to this paradox is to be found in the dependence of western European capitalism on United States capitalism. In order to survive as capitalist states, they require the economic aid of the Marshall Plan. In order to survive as imperialist powers, they need United States military and financial aid for use against the colonial peoples. Thus the Marshall Plan leads to the Atlantic Pact; and the Atlantic Pact does not come in parts. Those who need it for use against their own subjects must yield their independence, must become tools and victims of the proposed anti-Soviet war.

Thus the sequence of continually deepening dependence appears again (cf. Chapter VII). Then Marshall Plan Administrator Hoffman said: "I think . . . that it was the Marshall Plan that gave the foundation on which the Atlantic Pact was made."[15] Military domination through the Atlantic Pact, in turn, is essential for Wall Street to carry out its Marshall Plan aims.

Finally, under the North Atlantic Pact the slogan of "unification" of Europe reaches its logical climax with the formation of a single capitalist armed force on the continent of Europe under United States command, formally agreed on at the Brussels meeting of the Atlantic Pact countries in December, 1950. General Eisenhower becomes commander-in-chief of a "unified" European army which consists in reality of subordinate units of the United States Army. There is nothing in common with the western alliances of World Wars I and II, which coordinated the battle activities of relatively independent armed forces. The Anglo-American Combined Chiefs of Staff, continued after World War II, are merged into the new and one-sided Atlantic Pact military structure. The United States militarists alone determine military strategy, the size and disposition of forces. The French, Italians, British, etc., are to use the

weapons dicated by Washington, and produced under Wall Street control. Atomic bombs remain, and heavy bombardment aircraft become, exclusive weapons of the Pentagon.

Just as in the economic sphere the slogan of "unification" is used to further unbalance and weaken European industry, so in the military sphere the slogan of "unification" is used to further unbalance and weaken the armies of the European capitalist countries. Their ability to defend their countries against United States occupation and intervention is reduced, they are destined to serve as cannon fodder in the aggressive warfare planned by United States imperialism. The armed forces of the European countries are converted into larger-scale versions of the Nicaraguan Guardia Civil (see Chapter V), and the South Korean army of Syngman Rhee.

Western Germany plays the main role in the planned European capitalist army, as in the planned European arsenal of Wall Street. The American people are falsely told that German rearmament is necessary to meet the Soviet "threat," and especially the formation of a police force in Eastern Germany in 1949-50.* In fact, Western Germany was never fully disarmed. The defeat of Hitler's Wehrmacht was the signal for the secret beginning of Truman's Wehrmacht. German generals were employed by the United States occupation forces, contributing information on how to fight the Soviet Union, and forming the nucleus for the revived German General Staff. German mercenaries, together with fugitive East European fascists, were hired to serve in foreign legions, and as troops in the occupation armies of the Western Zones. These forces were nominally disguised as "labor service units," but actually were armed and trained men "raised early in the occupation," who "could form a solid nucleus for a West German Army."[16] At the end of 1950 the Brussels meeting of the Atlantic Pact foreign ministers rubber-stamped the Pentagon decision to intensify U.S.-controlled German rearmament.

American imperialism needs a revived German fascist army as its principal European gendarme. All Europe opposes and resists this revival, not wishing to experience a third invasion based on German soil in two generations. To counteract this resistance, American ground troops were sent to France in November 1950 for

* But *U.S. News and World Report* admitted in its issue of October 6, 1950: "Inside story of the East German Army shows it is about 90 per cent myth. . . . People's Police, numbering about 100,000 men, are not military units."

the admitted purpose of protecting from the French people shipments of armaments through France to Germany. The Marshall Plan governments of capitalist Europe, by agreeing to the Brussels program, are retracing the disastrous steps of the Munich period.

But now there is an important difference. The U.S.S.R., the People's Democracies, and the East German Democratic Republic, also threatened by the revival of a reactionary German army, are much more powerful than was the U.S.S.R. standing alone against the fascist menace in 1938. They have announced that they will not tolerate this move, which violates the Potsdam Agreement, the Anglo-Soviet and Anglo-French Treaties of World War II. United States imperialism disdains this warning, and thereby threatens to make Germany the starting point of a new world war against the U.S.S.R. and its allies.

ANTI-SOVIET WAR PLANS

That the United States generals, diplomats, and big businessmen would like to wipe out the Soviet Union is no secret. Rarely, if ever, has the ruling class of a country so openly boasted of its long-time strategy of aggression against another country. The press is defiled with maps and articles showing the schemes for the atomic attack on the U.S.S.R. Generals and businessmen and government officials vie for priority in expressions of hatred and determination to destroy the first land of socialism.* All proposals of the U.S.S.R. for peaceful

* Here are some examples of verbal and military provocations against the Soviet Union during 1950:

In February the Secretary of Defense, Louis Johnson, said this country must be ready to "lick hell out of the reds" (*New York Times,* February 3, 1950). In April C. D. Jackson, publisher of *Fortune,* told a Los Angeles audience that the Soviet Union could not be provoked into starting a war, so the United States must start it. He said "successful military missions will be the most universally understood provocations for peace in the world we live in" (*Daily Worker,* April 11, 1950). In June the Assistant Secretary of Defense, Paul H. Griffith, disclosed publicly that two years earlier he had urged President Truman to drop an atomic bomb on the Soviet Union (*New York Times,* June 7, 1950).

During the spring, an American military plane violated the Baltic frontier of the Soviet Union, and was, apparently, shot down. While invading Korea, it was admitted, an American airplane flew some 60 miles into the territory of the U.S.S.R., and attacked an airfield; while American and British warships ranged along the Korean coast adjoining the Vladivostok Naval Base.

negotiations, for reduction of armaments, for outlawing weapons of mass destruction, are rejected out of hand as a "peace offensive."

Indeed, the American people are asked to believe that United States military and political strategy is directed exclusively against the U.S.S.R. As we have seen, this is by no means the case. It is directed even more immediately against the peoples of the capitalist world, against the national liberation movements and the working class of all countries. But there can be no doubt that a military attack will be launched against the U.S.S.R. if and when the military, diplomatic, and internal political preparations are completed.

Why is the U.S.S.R. the ultimate enemy, the ultimate target for a third world war? Certainly, in part because imperialism would like to win back its lost positions. The United States banks, utilities, and oil companies would like again to exploit China. The mining and oil companies would like again to exploit Poland and Romania. And perhaps W. Averill Harriman dreams of some day regaining his Chiaturi manganese concession, and John Foster Dulles his Petsamo nickel mines in the U.S.S.R.

But this is not the only reason, or even the main reason for the frenzy of anti-Soviet incitations. The main reason is fear of the *existence* of the U.S.S.R. Of course, the American people are not told this. The people are told that this country is being prepared for defense against alleged Soviet "aggression." But the very terms in which that argument is presented exposes its true character. The spokesmen of American imperialism, such as Acheson and Dulles, are forced to admit the obvious, that the U.S.S.R. makes no threat to invade the United States, or for that matter, any other country. Acheson finds two "threats": that of "internal subversion," and the "threat" to surpass the United States in economic strength.[17]

By the former is meant propaganda—and not even Soviet propaganda at that, but the propaganda for socialism of the working class in the capitalist countries, the struggles of the people in the colonies for national liberation. Such propaganda, such struggles have been going on with increasing power for a century, beginning all over the world before there was a Soviet Union. They are the inevitable results of exploitation and national repression.

The second "threat," as shown in Chapter I, is real enough, in the sense that the superiority of the socialist system guarantees that it will surpass the capitalist system in economic strength. Only a

warped mentality can find anything aggressive in such peaceful competition. But this is the decisive fear of the imperialists, closely connected with their fear of peoples' anti-imperialist movements all over the world. The tremendous successes of the Soviet Union, in war and especially in peace, are the greatest stimuli to the national liberation struggles in the colonies and semicolonies, and to the working class struggles for socialism in the more advanced countries. The examples of friendly co-operation among nations, of help by stronger nations to weaker nations, which stand out more sharply each day in the anti-imperialist world, are constant sources of inspiration and the most persuasive "propaganda" to the peoples of all oppressed nations, the assurance that they can win, the guidepost pointing the road to victory. The example of working class ownership of industry, of the end of exploitation of man by man, of the rapid rise in the living standards of all working people is the most persuasive "propaganda" for socialism and for communism, the assurance of ultimate victory to the workers of all countries through the course of struggle against capitalism.

If this stronghold of socialism could be destroyed, the anti-imperialist struggles all over the world would receive a setback that would mean decades of added life to finance capital, a period of unbridled expansion and looting by Wall Street.

This war plan is integrated with the attack on the capitalist world. All military steps, all military interventions by United States imperialism, pursue two closely connected objectives: first, the subjugation of other peoples to American imperialism; second, preparation for war against the U.S.S.R., the People's Democracies, and the People's Republic of China. Military intervention in Greece and Turkey is directed both against the peoples of the Middle East, and toward use of these countries as a base for ultimate attack on the U.S.S.R. Military domination of Latin America has two aims: to keep subdued the people of Latin America, and to guarantee a strategic reserve of raw materials for war against the U.S.S.R. The same aims apply to intervention and the creation of military bases in Japan, the Philippines, and Indo-China; and to the North Atlantic Pact and bases in Europe.

In order to conceal the reality from the American people, President Truman continually assured them that the preparations for this war would lead not to war, but to peace. Of course, this is mere

soft soap for gullible people, no better than Woodrow Wilson's election slogan in 1916, "He kept us out of war," or Chamberlain's preparation for World War II with the slogan, "Peace in our time."

Actually, during the spring of 1950, while Washington officials were instructed to "bear down harder, in 'cold war' speeches, on American desires and efforts for peace,"[18] the timetable for war was being speeded up. The victory of the Chinese people, the growth of the world peace movement, the increasing conflicts with European capitalists, rising unemployment in the United States, the accelerated economic advances of the socialist world, were all shifting the world balance against imperialism. The schedule had to be advanced, regardless of risks, or it might not be possible to carry it out.

To prepare for this new stage, Secretary of State Acheson announced the policy of "total diplomacy," that is—the total mobilization of the country for war, fascist style. The Truman Doctrine was extended to the Far East by intervention in Indo-China. The Atlantic Pact meeting in London in May 1950 accelerated military preparations in Europe. Vice-President Barkley, a month before the United States intervened in the Korean Civil War, announced: "We must maintain armed forces all over the world and we may have to occupy more countries before the cold war is ended."[19] The magazine *Business Week* warned its readers not to be surprised if the Administration resorted to phony war crises to get its way on foreign-policy legislation.[20]

The first of the new round of major "phony war crises" was American intervention in Korea. It was made the excuse for passing to a new and higher stage of mobilization, the stage just before an all-out war effort. Truman threatened the Soviet Union that any move anywhere—that is, any action by the people in their own interests, anywhere—might be the spark to touch off world war III.

Senator Taft, as violent an anti-Communist and hater of the Soviet Union as one could hope to find, admitted in May, 1950:

> "If we go out to put modern invasion airplanes in every country surrounding Russia then we have become an aggressor. What I object to is undertaking by contract to arm about twenty nations all around the world, all around Russia, obviously an aggressive move."

Nor, he admitted, would Soviet preventive action change the character of the war: "because the Russians very naturally think they

[the United States] are building a great ring of armed forces around them, and if they wait until it is finished they will move in on them."[21]

But Taft is an imperialist senator, who can only make such statements for political advantage. Six months later, after the United States *had* surrounded with warships the Chinese island of Taiwan, after MacArthur's warplanes had made hundreds of flights over Manchuria, bombing and strafing peaceful civilians, after troops under MacArthur's command invading Korea had reached the Manchurian border, Chinese volunteers moved into Korea to help their neighbors and to protect themselves against the obvious intention to extend further the aggression against China. Clearly the kind of situation envisaged in Taft's speech. But he forgot about that speech, and joined in the false cries of "Chinese aggression."

On August 25, 1950, while American delegate to the United Nations Warren Austin was denying United States aggression in Formosa, the Secretary of the Navy Francis P. Matthews publicly urged that this country should prepare and launch a war of aggression. This policy, he claimed, would:

> "cast us in a character new to a true democracy—an initiator of a war of aggression—it would win for us a proud and popular title—we would become the first aggressors for peace."[22]

The moral decay of imperialism has rarely had a more revealing expression.

BANKRUPTCY OF THE STRATEGY OF WORLD DOMINATION

Military domination of the capitalist world and its mobilization for a third world war are the culminating elements of the United States imperialist strategy of world domination. But the development of this aspect of the strategy exposes most thoroughly the bankruptcy of the entire scheme. The earlier successes of American imperialism resulted from wars in which other countries did most of the fighting and suffered severe material damage, while American finance capital seized important positions of power and increased its industrial might. It is already clear that the attempt to repeat this pattern has failed. For years Americans have been fed the illusion that European and Asian troops would do all the ground fighting and dying; that Americans would give orders, push the buttons for

magic weapons, majestically sail the oceans to strike terror in the hearts of the enemy, and rule the skies with death-dealing atomic bombers.

That illusion was shattered in Korea. Asian and European puppet troops were unwilling to do the job for American imperialism. The South Korean Army of Syngman Rhee collapsed at the first military blows. A large number of states voted for the resolution in the United Nations rubber-stamping the accomplished fact of United States intervention in Korea. But all of these states together supplied only one-tenth of the non-Korean ground forces under MacArthur, so that American soldiers had to do most of the ground fighting and dying among the interventionist forces.

The world-wide movement for national liberation has reached such a stage that it is more and more difficult to use mercenaries of a conquered nation. Attempts to do so may have the opposite effect from that intended. In August, 1950, Abd-el-Krim, conservative nationalist leader of the Moroccan Riff campaigns of the 1920's, attacked the western powers and the United Nations for imposing "counterfeit governments that thrive only on corruption and oppression." He warned that people will not fight for such governments:

> "That is what is happening with the South Koreans today. It is the same with the people of Indo-China, who will not fight against their brethren attempting to liberate the country from the imperialists and their puppet Bao Dai regime. If the Western powers continue their present policy toward Korea, there is no doubt that a sudden uprising will break out in this part of the world," *i.e.,* in North Africa.[23]

The same applies increasingly to the European soldiers of the North Atlantic Pact Army, who will not fight effectively in a war for someone else's conquests, especially when they themselves are among the conquered. The British, French and Italian troops in a unified American-controlled army would be less effective against the Soviet Union than the Slovak, Hungarian, Romanian, and Italian troops of World War II. They would be *less* effective because the strength of the peace forces, of the Communist parties, in Europe, is multiplied many times as compared with similar forces in Hitler's satellite countries.

The inevitable tendency, now in the open, is for the Pentagon to line up with the remnants of the most reactionary fascist forces

wherever they can be found. But this would be of little value in a third world war against the U.S.S.R. and its allies. The recent political trends in western Germany prove that the German generals, as agents of United States imperialism, cannot again whip up the fanatic aggressiveness of the German petty bourgeoisie. A new puppet German Army would be a mere shadow of Hitler's hordes. As for Franco, if he should send his armies out of Spain, this would be the signal for the uprising of the long-oppressed people of Spain. The same with the puppet Iranian, Turkish, Greek, Yugoslav, and proposed Japanese armies.

For the imperialists, American soldiers would have to bear the main burden of fighting world war III on the ground as well as in the air and on the sea.

Lined up in opposition would be the 800 million people of the U.S.S.R., the People's Democracies, and China, with their first-rate armies. When such an inveterate chauvinist as MacArthur is forced to admit that Chinese soldiers equal the best American troops man-for-man, the impossibility of conquering the vast armies of that calibre, led by the Soviet Army, becomes manifest to all, including such reactionaries as Herbert Hoover. With the 800 million would be almost all of the more than a billion people remaining in imperialist colonies and semi-colonies. On the same side would be the majority of the working class of western Europe, drawing with it a large part of the middle classes, urban and rural, in the struggle for national independence and against American occupation.

Thus United States imperialism would have to fight against 90 per cent of the world's population. Because of the popular opposition in most countries, it would have no secure rear, but would have to fight the people in many directions at the same time.

The factor of morale, so important in any war, would be heavily weighted against American imperialism. The experience of Korea shows again that people fighting for their homelands, and against the threat of national extinction, are superior military forces, while soldiers sent on a mission of conquest far from home do not make the most effective use of their superior equipment, and are interested only in getting out of a useless war.

The only advantage of American imperialism would be in industrial potential. But even this advantage would prove limited, because the aggressors would have difficulty transporting enough

equipment to transoceanic battlefronts, or finding enough men to use it. Furthermore, the development of warfare has ended the physical security of American industry. In another major war American industry would not again enjoy rapid growth, but would instead be subject itself to destruction.

Thus the balance of forces against United States imperialism would be very great in a third world war. The imperialist answer is a desperate military strategy, that of indiscriminate mass annihilation of the opposing population. The first World War was one of limited objective. Each side wanted to weaken and take property from the other, but the Germans had no desire to destroy the French capitalist class or the general setup of French society, and the French had similarly limited objectives against the Germans. The second World War, insofar as it was a war of German imperialism against the U.S.S.R., was a war of annihilation to decimate the Soviet people, to end their national existence.

The pentagon strategists now plan such a war of annihilation directed against at least one-third of the earth's people, showing that they have inherited from the German fascists the deepening moral corruption of imperialism. Responsible Washington officials boast that their major weapons will be not only atomic bombs and, if they can get them, hydrogen bombs, but also bacteria and poison gases, new "nerve" gases ten times as potent as any previously known.* To the airplane executive, former Secretary of Defense Johnson, these plans constitute the advance of science:

"I assure you that we are equally alert to possibilities inherent in the biological and chemical fields as well as in the radiological. . . . We will unleash against him [the enemy] the full might of our most effective scientific weapons in retribution."[24]

* Here are typical newspaper headlines: "U.S. Pushes Study of Germ Warfare" (*New York Times,* April 23, 1950); "Weapons using Radioactive Poison Pushed by Atomic Energy Board" (*New York Times,* August 1, 1950).

The story explained: "Such weapons would contain radioactive poisons in cencentrations great enough to kill large populations if dropped on big cities."

John J. McCloy, U.S. High Commissioner in Germany, when told of Truman's decision to make the hydrogen bomb, said: "I am glad of President Truman's decision. If there were an oxygen bomb that would be bigger than the H-bomb, I would build it" (*New York Times,* February 3, 1950).

When Chief of Staff General Omar Bradley was asked about the hydrogen bomb, he replied that he would make one comment: "And then I think we better drop it." The calloused reporters laughed at this "pun."

Against whom? Johnson answers: "Atomic weapons are no longer a small number of bombs of a single type and size to be used only strategically on carefully selected targets."[25]—that is, they will be used for indiscriminate murder and destruction. Forgotten the Geneva Convention against poison gas. Forgotten the United Nations convention against genocide.

No wonder these supermen in the "science" of murder were lenient with the Nazi doctors who performed hideous experiments on their prisoners. No wonder they refused to prosecute the Japanese war criminals who used biological warfare against the Chinese. No wonder they themselves persecute, and induce satellite governments to persecute, those who advocate prohibition of the atomic weapon and the branding as a war criminal of that government which first uses it.

Rear Admiral Ralph A. Ofstie denounced the elementary forms of mass murder since practiced by the American air force against the Korean people:

> "However, strategic bombing, as now accepted, unavoidably includes random mass slaughter of men, women, and children in the enemy country. . . . I am sure that the moral force of the peoples of this country is in strong opposition to military methods so contrary to our fundamental ideals. It is time that strategic bombing be squarely faced in this light; that it be examined in relation to the decent opinions of mankind."[26]

Why was this inhuman strategy adopted? For one thing, it was adopted under the illusion of the American monopoly of atomic energy. It is now clear that the United States imperialists, like the German imperialists before them, grossly underestimated the Soviet Union. The Soviet Union not only makes atomic bombs, but is ahead of the United States in the development of atomic science for peaceful purposes.

But the main thing is the character of the proposed war, to be fought against two billion people, against humanity. If people are the enemy—destroy them! Hydrogen bombs and bacteria are as vital to the war plans of the Pentagon as the Auschwitz gas chambers were to the Nazi plot against the people of the world.

The outcome would be equally disastrous for those who begin such a holocaust. The American people, instead of living an easy life and pushing buttons for the mass destruction of other people,

would find themselves among the first victims of the war. The Soviet writer, M. Suslov, in an address at a meeting of the Information Bureau of the Communist parties in late 1949, said:

"Despite the stream of false propaganda circulated by the imperialist aggressors and their accomplices, the common people in the U.S. are becoming increasingly aware that war, if unleashed by the warmongers, would bring to them, the common people, only soldiering and death in far-off countries, that war would come also to the American continent, bringing with it the horrors of modern bombing and the destruction of the results of the labors of many generations."

History shows that such a statement by a Soviet leader is neither a boast nor a threat, but a sober evaluation of reality. When Stalin predicted in 1941 that the Soviet Army would smash the Hitlerites on their own soil, United States military experts and politicians scoffed. But Stalin, not Truman or Marshall, was right. When Stalin said in 1946 that the monopoly of the atom bomb could not be kept for long, and when Molotov said in the next year that the secret of the atom bomb no longer existed, the same American experts would not believe it, and continued to base their strategy on the supposed monopoly of the atom bomb. Again, history proved them wrong.

The rulers of Germany and Japan gambled their nations' welfare on barbaric wars of conquest. Germany and Japan—the people and the nations—paid a heavy price.

The rulers of America, desperately requiring foreign wars to preserve their power, are willing to stake the American nation and all its wealth on a bigger gamble. They argue that at worst—from their viewpoint—no one would be the winner, the world would be a shambles, with a few people remaining in primitive conditions.

Again they are wrong. William Z. Foster, in his latest book, *Outline Political History of the Americas,* analyzes the balance of forces in such a war and concludes: "Wall Street's war plan is all a wild and hopeless capitalist nightmare. Socialism cannot possibly be defeated by military (or any other) means. If the desperate Wall Street adventurers should succeed in plunging the world into a new war, this war, while deluging humanity in a welter of horrible and needless slaughter, would surely sound the death knell for the capitalist system everywhere."[27]

The very forces which guarantee this result strive by all means to avert that war. The U.S.S.R., the People's Democracies, and China lead this world struggle for peace. The scope of the peace movement was indicated by the 500,000,000 signatures to the Stockholm petition to outlaw the atomic bomb. About 50,000,000 of the signers reside in western Europe, the most critical area in the American imperialist drive for world domination. In August, 1950, a reactionary European organization, the International Committee for the Study of European Policies, issued a report saying that the United States might have to use the atomic bomb. The pro-Washington French journalist, J. J. Servan Schreiber, wrote:

"So outraged was public opinion that leading members of the committee to save their political lives had to resign from the board and pretend they had not known of its contents. Since then the moral outlawing of the A-bomb has been unofficially considered an accepted political fact in Europe."[28]

Even in Western Germany, the hoped-for stronghold of anti-Soviet war fever, the majority of the voters in the United States Zone hampered the war plans by voting against rearmament in the elections of November, 1950. The Frankfurt *Abendpost* in a private poll found 68 per cent of the Germans polled against any form of remilitarization, only 3 per cent in favor of remilitarization in principle.[29]

This European peace sentiment, which extends through broad sections of the population, has its strongest base in the working class, which supports the slogan of the French Communists: "Never, never will the French people make war against the Soviet Union."

Finally, the imminence of war aggravates all of the latent conflicts between American imperialism and the British, French, and other imperialist centers. Most important, the governments of the European capitalist countries see that their quisling role will not save their class position at the expense of their own countries, but will lead to the ruin of their own countries *and* their class position at the same time. It becomes clear that United States imperialism cannot save them from their own people through the course of anti-Soviet aggression.

For example, the British imperialists see their "Allies" using the new war mobilization to strip them of holdings at a faster rate. They find their commerce undermined by revived German and

Japanese competition directed against them by Washington. Choked off from earlier channels of trade, the British turn to the broad opportunities for peaceful trade with the socialist countries, only to find these channels clogged by U.S.-imposed restrictions. The strains on the Anglo-American imperialist alliance are now more severe than ever.

Again, the sinister figures of the Ruhr, restored to an uneasy power by Wall Street, sing *Deutschland Ueber Alles*. They will never give up the search for new combinations, new alignments, which might permit them to turn on their current sponsors, and seek a new world empire at the expense of the United States and Britain.

The popular pressure for peace opposes the Washington pressure for war. The European governments vacillate between capitulation to United States demands, and resistance to these demands. They vacillate between joining in anti-Soviet provocations, and tentative steps along the path long advocated by Soviet Premier Stalin of peaceful coexistence between the worlds of capitalism and socialism. Thus Washington, instead of having a secure grip on capitalist Europe, is faced with the danger of losing even the formal alliance of European states. Similar contradictions occur in the semi-colonial countries, especially in the Asian states.

While President Truman hastens war mobilization, these counter-forces threaten the entire war plan, and create the possibility of preventing a third world war. This, also, would put an end to the Wall Street dream of world domination. Peace means not only continued gains by the socialist world, but also the defeat of the attempted colonization of Western Europe, where the failures of the Marshall Plan shown in earlier chapters must lead to the end of American imperialist domination in the absence of United States war garrisons. Peace means further victories for the national liberation forces, especially in Asia, and hence the further narrowing of the field for imperialist superprofits.

Despite the mounting evidence that United States imperialism cannot win another world war, it strives more desperately towards that road, preferring it to the gradual losses of position which it would suffer in a world at peace. Which way will win out—peace or war? This question can be answered finally only by the people of the United States.

XI. IMPERIALISM AND THE AMERICAN PEOPLE

What "way of life" does imperialist expansion bring the people of the United States? How do the imperialists use the tribute from abroad to try to solve their problems at home? How do they try to neutralize and gain support within the working class for their foreign adventures? Finally, to what fate is imperialism leading the people of this country?

There is a glaring contrast between the immense productive capacity of American industry and agriculture, and the meagre living standard of most American workers. A rough picture of the American standard of living, as it is, not as it is painted in official propaganda, is provided by the Heller Budget.[1] This is a calculation made each year by University of California experts, based on what workers actually have to spend to provide a "commonly accepted" standard for their families.*

Here are some of the items included in the 1949 budget: one-eighth of a pound of butter per person per week; two and one-half pounds of meat or fish per person per week; for the wife, one wool street dress at $10.91 every two years, one afternoon rayon dress at $9.95 each year, two cotton house dresses at $2.98 each year; no theaters or concerts, two second-run movies per month; no books, one newspaper daily, small allowance for magazines; no vacation trip; partial medical care, because "it is obvious that to attempt to provide a sum adequate for individual private-practice medical care would involve an expenditure so large as to be unrealistic and impractical for families at moderate income levels."

In 1949 the Heller Budget for a family of four came to $4,040.54. In that year the average annual earnings of full-time employees were $2,869, or 71 per cent of the Heller Budget. That is, the average

* Three standards are given, one for manual workers, another for white collar workers, a third for executives. The discussion here deals with the manual worker's budget.

wages of a worker, unaffected by unemployment during the year, fell far short of the amount needed to support a wife and two children at this modest standard.

Thus for most of the people the "American standard of living" is not a high standard of living, but a ridiculously low standard of living in comparison with the product of their labor—a low standard despite the loot from Asia, Latin America, etc.

While remaining at a poor living standard, American workers produce increasing wealth for the monopoly corporations. According to official statistics, between 1899 and 1939 the physical volume of production per worker doubled,[2] while the (grossly exaggerated) increase in real wages per worker was two-fifths.[3] That is, by 1939 the employers were not only getting twice as much production from each worker as forty years earlier, but they were keeping a much larger share of the production for themselves; their real profits per worker had increased by much more than 100 per cent.

In short, there was a sharp increase in the rate of exploitation of labor. Workers had to work harder, they had to keep up with fast-moving assembly lines and handle more machines. Their working span was cut down, as many were thrown on the industrial scrap-heap at forty-five or fifty years of age. Lack of safety measures led to numerous industrial accidents and diseases, which caused more casualties in the United States than wars did.

Monopoly capitalism, by reaching a very high peak of productive capacity and intense exploitation of labor in the United States, created the largest surplus of labor, the largest pool of unemployed. Even the inadequate living standard of the employed worker has been beyond the reach of more and more American workers, as unemployment spread with the general decay of the imperialist system. The economic crisis of 1920-21 brought twice as much unemployment as any previous crisis, but the great crisis of the 1930's made 1921 appear as a period of prosperity.

For four consecutive years, per capita industrial production remained below the level of 1913, some twenty years before. Millions of farmers and small urban proprietors were wiped out. Thousands of banks, and even large enterprises, went bankrupt. Fourteen million workers became unemployed, and for an entire decade one-fourth or more of the labor force was without work. Starvation, evictions, "Hoovervilles," relief pork and beans became the normal

mode of existence for a large proportion of the American people.

The American people have frequently fought back against poor living standards in the midst of plenty, against increasing exploitation, against unemployment. They fought harder and more effectively than ever before against the monopolies which brought about the sufferings of the 1930's.

From these struggles workers obtained, for the first and only time in the peacetime history of American imperialism, significant gains in real wages, various improvements in working conditions, and political concessions, such as the Wagner Act and primitive social security legislation. Furthermore, Negro and white workers joined together in the new unions, weakening the national barriers which split the working class.

The lessons of this period were reflected in the continuing growth in trade union organization during World War II, in the demand of the American people for full employment, social security, and a decent standard of living. This led to President Roosevelt's slogan of the Four Freedoms, freedom from fear, freedom from want, freedom of speech, and freedom of conscience, and even forced Congress to pass legislation which supposedly would prevent serious unemployment (the Employment Act of 1946).

All of these circumstances represented a serious danger to the men of Wall Street, who feared that American workers would deepen their understanding and insist on an end to the system which brought them such senseless misery.

World War II temporarily resolved the economic crisis of the 1930's. Factories worked at capacity, unemployment was virtually eliminated. But the war increased the capacity and efficiency of the United States industrial plant, and in so doing widened the gap between the ability to produce and the ability of the masses of the people to pay for the consumption of goods. A worse collapse than in the 1930's, after at most a short delay, was inevitable if a period of peace were to follow World War II.

The political dangers of another economic crisis scared the leaders of finance capital. Thus, Paul Hoffman urged "regulated capitalism" to limit future drops in business activity to 15-20 per cent, because "we can live with that; we cannot live with a crash such as that which took place between 1929 and 1932, when business volume dropped more than 50 per cent."[4]

Philip Murray, whose loyalty to capitalism is no less than Mr. Hoffman's, warned: "Five million [unemployed] is menacing. Seven million is depression. Eleven million is riots and bloodshed."[5]

President Truman asserted: "In 1932, the private enterprise system was close to collapse. There was real danger that the American people might turn to some other system. If we are to win the struggle between freedom and communism, we must be sure that we never let such a depression happen again."[6]

PARASITISM AND "REGULATED" CAPITALISM

However, violent economic upheavals cannot be wished away with speeches. They are a necessary result of the decay and parasitism of capitalism in its imperialist stage. Decay comes with monopoly control of industry, which curbs and distorts the stimulus to growth and development. Parasitism is based on the many billions of superprofits derived from foreign investments and the special exploitation of the Negro people. Parts of these billions are siphoned off to rentiers who live off interest on government bonds or dividends on corporation stocks, and who are completely divorced from productive activity. A reflection of parasitism is the ever growing army of financial employees who count and technically manage the flow of the billions into the coffers of finance capital. Also involved are the growing hundreds of thousands in police forces, private guards, the F.B.I., who protect the wealth of finance capital from the people as a whole and the millions in the armed forces sent abroad.

Capitalist decay involves a particularly rapid, abnormal growth of all those occupations and trades not directly attached to commodity production, but rather to distribution, high-pressure advertising, the servicing of the wealthy, government regulation, etc. Already well advanced by the 1920's, this trend has been accelerated since. In 1929, for every 100 workers engaged in commodity production, 74 were otherwise employed. In 1939 for every 100 in commodity production, 87 were otherwise employed. And by 1949, for every 100 in commodity production, 106 were otherwise employed.[7]

Other symptoms of parasitism and decay are the growing dependence on imported raw materials, combined with the failure to develop and conserve our own resources and the attempted purchase of foreign armies to fight Pentagon wars of conquest on a global scale. Outstanding recently has been the enormous increase in profits

based on wasteful war production.

Such profound changes necessarily affect the "way of life" of the entire country. Lenin's judgment that "the export of capital... sets the seal of parasitism on the whole country that lives by the exploitation of the labor of several overseas countries and colonies" (*Imperialism,* p. 100) applies increasingly to the United States.

Parasitism provides a social basis for imperialism among the rentiers, among those who count, protect, or realize the monopoly profits for their masters, among those in luxury trades, among the section of native white workers allotted the supervisory and skilled jobs. These groups form a political counterweight which, within certain limits, absorbs and deadens the power of the increasingly organized working class. They are granted an increasing proportion of the total income. With this they take commodities from the market, temporarily relieving the chronic surpluses which result from the growing gap between production of consumers goods and the buying power of the producers.

But in the last analysis, the problems of imperialism are only intensified. This was shown by the economic crisis of the 1930's which affected all sectors of the economy, all sections of society. When the profits of the big capitalists are drastically curtailed, they cut wages and fire not only industrial workers, but also salesmen, service workers, advertising agents, and government employees. The capitalist market is reduced not only because of lower wage payments to factory workers, but also because of the lowered consuming power of the remainder of the working population.

The millions "favored" in one way or another by imperialism learn that the advantages bestowed on them are trifling and transient. They experience unemployment and hunger also. They tend more and more to line up with the working class and the Negro people, to join unions, to weaken the social basis of imperialism.

During the 1920's and 1930's, as socialist planning in the Soviet Union first achieved outstanding success, leaders of the capitalist class and their apologists searched for methods of planning under capitalism. They hoped to head off the obvious decay of their system and to counteract the contagious example of socialist planning.

By the very nature of the capitalist system, such attempts are doomed to failure. Private ownership of the means of production, profits as the main drive behind production, the survival of the

strongest and most ruthless, the exploitation of labor, all these features of capitalism contradict the idea of planning in the public interest. Imperialism, the stage of monopoly capitalism, by no means lessens that contradiction. Monopolies simply enlarge the scale on which the basic features of capitalism operate. Giant corporations are larger private owners of the means of production, driven by the greed for previously unheard of profits. The monopolies, alongside of their cartel agreements, are at one another's throats both inside a single country and internationally. Exploitation of labor generally is intensified, and to it is added the superexploitation of oppressed peoples.

So all the schemes for capitalist "planning" end up as devices whereby the most powerful monopolies utilize the government to destroy their already weakened competitors, to legalize increased exploitation of labor and greater profits for themselves. The result is not planning, but state monopoly capitalism. Far from easing the problems of capitalism as a system, this ultimately makes them more severe.

Originating in Europe, schemes for "regulated" capitalism became influential in the United States during the crisis of the 1930's. Special attention was given to government regulation during and since World War II. Such capitalist "planning" in the United States centers around attempts to find ways of disposing of monopoly-owned goods which most people cannot afford to buy because they are impoverished by capitalism. If these attempts to fill the increasing gap between productive capacity and markets fail, economic crises with all their political implications must follow. A few examples show that the main measures of this type adopted by the United States government after World War II turned out to be sleight-of-hand tricks which merely threatened to worsen the ensuing economic crisis, while making extra billions for the strongest monopolies in the process.

Government credit regulations were changed to encourage working people to purchase commodities beyond their means. Overextension of such credits is acknowledged as one of the causes which intensified the economic crisis of the 1930's. But the *increase* in installment credits during the single year 1949 was almost equal to the *total outstanding* credits at the end of 1929.[8] The average annual increase in home mortgage credits outstanding during the years

1946-48 was three times the average annual increase during the decade prior to 1929.[9] Certainly the market is temporarily sustained by these means. But by the end of 1949 about 15 per cent of all payrolls had to be used to pay interest and principal on consumer credits, a burden which threatened to ruin the market for consumers' goods.

Chapter VIII showed how the Marshall Plan was used as a mechanism for dumping surplus commodities abroad. Throughout the period 1946-50, about two-fifths of all exports were financed by government dumping. But the methods used in creating this artificial market, the impoverishment of other countries, the disruption of normal trade, etc., destroyed more markets for American goods than government dumping created. Despite the fact that a larger proportion of American goods production than formerly had to be exported in order to be sold, actual exports fell from about 10 per cent of total commodity production during the 1920's to 8.5 per cent in 1948.[10]

The same with exports of capital, the classic imperialist method of relieving the pressure of surplus capital and of the goods that find markets together with the invested capital. The foreign policies of the United States were directed in many ways, described in earlier chapters, toward opening the doors for American finance capital. But the greatly increased resistance of the world's people to imperialist superexploitation, and the market contradictions of the capitalist world, made it impossible for Wall Street to take full advantage of the expansionist policies it inspired. Whereas during the 1920's about one-fifth of all net private capital investments were foreign investments, this proportion was reduced to one-fifteenth in 1948-49.[11] Thus private capital exports were less of a safety valve, even though a larger one was needed.

WAR AS THE ESCAPE FROM ECONOMIC CRISIS

War economy is the most decadent, the most parasitic form of state monopoly capitalism. Increasingly, it becomes the essential, continuing feature of "regulated capitalism." It provides the only "sure-fire" market for goods. It temporarily resolves ordinary economic crises in a fashion that does not stabilize capitalism, but creates a whole set of economic and political conflicts which hasten the demise of the capitalist system.

Hitler put unemployed Germans to work in war factories. That

was the material basis for his success in diverting German workers from their class interests, for gaining their toleration and, in many cases, support for the fascist war of aggression. United States finance capital, aping Hitler's attempt at world conquest, also followed his course in domestic economic policy.

While there were experiments with other forms of "regulated capitalism," as described above, preparations for a third world war were in fact the main "regulation" put into effect at the end of World War II as a means of staving off a severe economic crash. Without the expenditure of $30 billion per year for past, present, and future wars, this country would long since have been in the throes of a severe economic crisis. Without the six million workers and soldiers employed for military purposes as early as 1948,* there would long since have been the mass unemployment, and the mass action to relieve it which Mr. Murray so fears.

Since 1947, the military budget each year has been stepped up to avert internal catastrophe as well as to further foreign expansion. Each year a new provocation in foreign affairs was found at the necessary time for both of these purposes.

Here is how a conservative magazine, *U. S. News and World Report,* describes this insane "planning":

> "Government planners figure they have found the magic formula for almost endless good times. They now are beginning to wonder if there may not be something to perpetual motion after all. . . . *Cold war* is the catalyst. Cold war is an automatic pump primer. Turn a spigot, and the public clamors for more arms spending. Turn another, the clamor ceases. Truman confidence, cockiness, is based on this 'Truman formula.' *Truman era* of good times, President is told, can run much beyond 1952. *Cold war demands,* if fully exploited, are almost limitless."[12]

Such is the cynical formula of the man who prates of "world leadership." It is, of course, a fallacious formula. The spigot is actually turned in the same direction each time, toward higher military budgets, toward war. One month after the above was written, the President opened the spigot wide with intervention in Korea.

* In armed forces, 1,400,000; civilian employees of armed forces, 850,000; employed in private industry on account of military and foreign aid orders, 4,000,000; making a total of 6,250,000.

War preparations and war not only relieve the monopolies' fear of working class action against unemployment, they appease more than anything else the unlimited greed for profits. Clumsy attempts are made to hide this. In answer to Soviet charges that American monopolies fattened on World War II, Secretary of State Byrnes was wont to answer that this country spent the huge sum of $300 billion on that war. But that $300 billion gave finance capital $50 billion in corporation profits after taxes, a permanent bounty of $5 billion per year in interest on the war debt, and various other forms of loot. Such rewards were too tempting. That is the economic basis for the observation of the "elder statesman," Bernard Baruch, that peace looks good in time of war, but war looks good in time of peace.

During the 1930's, at the time of the Nye investigation, it was fashionable to denounce the munitions makers as "merchants of death" who brought about wars for the sake of their profits. But in modern "total" wars, the merchants of death include not only the makers of guns and ammunition, but all sections of monopoly capital.

An especially sinister role is played by the diverse capitalists who profit from the mass slaughter of civilians, the core of Pentagon strategy. In 1947, when the airplane manufacturers were losing money on peacetime business, the United Aircraft Co. and Louis Johnson's Consolidated-Vultee Corporation started an advertising campaign for a larger military air force. These companies make, respectively, the engines and the bodies for the B-36 superbombers. Hundreds of millions of dollars' worth of orders for this plane were placed after the advertising campaign and the accompanying lobbying activities. For B-17 bombers used in World War II, the government paid $238,000 apiece. For B-36 bombers being bought for a third world war the government pays $5,757,584 apiece.[18]

The du Pont family built its fortune and its chemical monopoly on the manufacture of munitions throughout the history of the United States. Now it leads in the manufacture of weapons of mass destruction. During World War II, the du Ponts produced plutonium for atomic bombs at Hanford, Washington. Then, in 1950, they received the first contract for the still more terrible hydrogen bomb. This is in addition to their dominant position in the production of ordinary explosives, and their majority ownership of Remington Arms Corporation. In pursuance of their good wartime

relations with General Groves while he was in charge of the atomic bomb project, he was made a top official of Remington Arms on his retirement from the army.

The Morgan electrical equipment trust, General Electric, took over the Hanford plant from du Pont as the latter graduated to hydrogen bombs. In 1950 General Electric announced that it was giving up experimental development of atomic energy for peaceful purposes in order to transfer all personnel to military work.

Corporations in consumers' goods industries snatch the overflow profits left by the most powerful monopolies. As early as 1948 the underwear manufacturers were mobilizing for military production, and one-fourth of men's clothing production was scheduled for military use.[14]

All finance capital participates in the profits of war preparation, whether directly through military orders, or from Marshall Plan dumping, or from the rising interest payments on the national debt. For light and heavy industry, for big finance, this bonanza provides the margin for disposal of surplus production, the ability to operate above the "break-even" point, the opportunity for investment of surplus capital.

Preparations for a third world war are even more profitable than for World War II. This results from the general advance of reaction associated with the drive for world domination, which has weakened the class position of workers, and permitted the monopolies to increase the rate of exploitation. Corporation profits after taxes jumped from an annual average of about $4 billion in the years 1935-39 to an annual average of about $10 billion in the years 1941-45, and then to an annual average of $19 billion in the years 1947-49. The annual rate during the second half of 1950 reached $24 billion.[15]

No wonder the Harvard professor, Sumner Slichter, shocked many ordinary Americans and Europeans by saying what his big capitalist audience knew very well, that the "cold war" with the U.S.S.R. is a "good thing" from the imperialist economic viewpoint: "So we may thank the Russians for helping make capitalism in the United States work better than ever."[16]

A particularly brazen expression of the economics of militarism is the speech of John F. Chapman, vice-president of the McGraw-Hill International Corporation, to the Export Managers Association on March 22, 1950:

"As business men we must never allow ourselves to forget that the last thing Stalin wants is war. . . . So politically, let's recognize the future for what it is: No shooting war; more E.C.A.-type business, this time in the Far East; and a gradually expanding defense program at home to help meet the threat from Moscow. It's not the easy-going kind of outlook that we would like, but certainly there is nothing in it that the redblooded exporter can't face. *Experience of the last four years has proved that the stakes are as profitable as they are exciting.* . . . Our Government for the moment has lost the initiative in the cold war and we have suffered a tremendous setback [China]. . . . A peculiar responsibility rests on the shoulders of you Export Managers today . . . we can fight a mounting crisis with the weapons with which we are most familiar. And, let's not forget one of the basic tenets of our system: *the more successfully we meet the challenge of the next five years, the more profitable it will be, for our businesses and for ourselves.*" [My emphasis—*V.P.*][17]

Here with the vulgar lack of restraint of the aggressive salesman is the exposé of all the cant and hypocrisy about "our way of life," and "saving free men everywhere," which come from official circles and editorial writers. And at the same time the lies about "Soviet aggression" are unconsciously exposed, with the admission, that the Soviet Union wants peace; and the maturing of plans for American imperialist aggression in Asia revealed with the promise of more E.C.A.-type business in the Far East.

BINDING LABOR TO THE WAR DRIVE

When talking among themselves, the capitalists are frank in speaking of their expansionist campaign as a source of superprofits. To the American people they present it in a different light. Lenin observed that American capitalists had to go to special pains to deceive the workers concerning their war aims, because of the traditions of freedom of the American people. This deception is not limited to false promises of "peace through strength" and anti-Soviet propaganda. Especially important since World War II has been the practice of playing on the fear of unemployment which understandably haunts Americans. Workers are told that foreign expansion will give them jobs. At first the warlike intent was concealed. These would be "peaceful" jobs, "feeding hungry people" through the Marshall Plan. This promise was soon exposed. Because the Marshall Plan was designed, as we have seen, to impoverish the people of

Europe, it reduced export markets. In addition, the economic warfare against the countries of socialism cut off what would have been a growing market of eight hundred million people.

Within the setting of shrinking capitalist world markets, the export of capital, instead of creating new markets, merely shifted production from high-wage enterprises in the United States to low-wage enterprises in other countries. Oil workers and coal miners in the United States lost their jobs as the oil trusts displaced domestic oil and coal with imports from their expanded foreign holdings. By early 1950, despite a great increase in the use of copper, fewer copper miners were employed in the United States than in 1939, because of the shift of the big copper producers to Chilean and other foreign mines. The Remington Rand Corporation cut its employment in five American plants to two-thirds in 1948, as it shifted production to plants in Scotland, England and India.[18] The same trend was evident in the operations of such giant combines as General Motors, Ford, and International Harvester.

Instead of getting more jobs, American workers got more unemployment from overseas expansion. This, combined with the deterioration in the domestic market, brought about the beginnings of an economic crisis in 1949. Industrial production declined more than 10 per cent between the second half of 1948 and the second half of 1949. In that year, three out of every eight manual workers were unemployed for two months or more.[19] Government and private experts agreed on the prospect of further deterioration during 1950.

The only way finance capital could cope with this dangerous situation was to remove the wraps from its war preparations. Thus internal setbacks combined with the foreign setbacks, discussed in the previous chapter, to accelerate the war schedule of American imperialism. Instead of the fairy tales about keeping their jobs by feeding hungry people through the Marshall Plan, workers were fed the insidious poison that war production meant prosperity for them. When widespread unemployment appeared early in 1949, Truman's solution was to instruct the armed services to award military contracts to areas where unemployment exceeded 12 per cent.

The Atomic Energy Commission chimed in with this kind of propaganda: "The average Los Alamos atomic worker earns approximately $3,870 a year, probably the largest employed per capita pay in any American city . . . the per capita income for all Los Alamos

residents is $1,975, which Los Alamos officials also believe is a world record."[20]

Make atomic bombs and live in luxury!*

The task of diverting the American people from the fight for the Four Freedoms to the mirage of jobs in war factories, and combating the bogey of "Soviet Imperialism" cannot be accomplished by the monopolists directly. American workers have had too many experiences with the greed and antipopular violence of big business. This job must be done by those whom the workers trust. It is carried out by right-wing trade union leaders.

What are right-wing trade union leaders, and why do they find support? American monopolists, like their counterparts since the time of the Roman Empire, whenever they could not prevent or destroy organizations of the exploited, have taken steps to divide and rule them. Their method is to help to leadership those who will operate the union in the spirit of capitalist enterprises. Let the union leaders get good salaries. Give some of their associates unimportant government jobs. And such union leaders, receiving salaries of $20,000 a year or more, become like business men in their condition of life and outlook. Unions under such leadership can offer no effective protection to the workers in critical periods.

Such leaders must have a base of support within the unions. This is found mainly among a minority of higher-paid workers, especially skilled craftsmen, who through union struggles have obtained wages sufficient to give them a life of moderate comfort. The monopolies can afford to pay this bit above the average wage in order to preserve "moderation" and political inactivity in the trade unions.

Lenin described how the rulers of an imperialist power, with superprofits of a billion francs a year, used 100 million francs to bribe an upper section of the workers to support wars of conquest

* In actual fact, workers in war factories are often especially exploited, the employers taking advantage of "security" regulations to intimidate workers against striking for their demands. Nevertheless, A.F. of L. workers conducted three important strikes at the Oak Ridge atomic energy plant between the summer of 1949 and the summer of 1950. There is also the special risk of accidents in explosives factories, transport of war materials, etc. In the spring of 1950, fourteen workers were killed in the town of Perth Amboy, New Jersey, which was severely damaged by the explosion in the harbor of a barge being loaded with military explosives for export.

and colonial oppression. He identified the bribed individuals as labor ministers, members of war industry committees, union officials, members of narrow craft unions, office employees, etc.[21] Today the rulers of America, with more than eleven billion dollars per year in superprofits (see Chapters III and IV) taken from colonial and semicolonial peoples abroad and from the Negro people at home, in addition to the monopoly profits extracted from the entire American working class, can carry this process further.

Embarking on a course of world conquest at a time when American labor is more powerful and better organized than ever before, the imperialists involved the right-wing labor leaders just as Cecil Rhodes and succeeding British imperialists have involved the right-wing British laborites in their colonial conquests for half a century.

The right-wing trade union leaders disguise their big business propaganda inside the labor movement with radical sounding words. This is the method of the Social-Democrats, for a half century the main prop of imperialism within the European labor movement. In the United States there is no Social-Democratic party of moment. But there are a number of Social-Democratic groups and individuals in influential union positions (*e.g.* Reuther, Dubinsky, Rieve), and renegade ex-militants who call themselves left-wingers (*e.g.* Curran, Quill). These people set much of the tone and tactics for such leaders as Murray and Green.

It is from among the Social-Democrats that the State Department and the Economic Cooperation Administration recruit most of the scores of labor attachés and agents sent abroad to attempt the disruption of the labor movement in Europe, Asia, and Latin America. Besides the Social-Democrats in the labor movement, there are such middle class groupings as the Americans for Democratic Action, and the Liberal Party in New York State, largely Social-Democratic in character and methods of work and including many Social-Democrats in their leadership. These organizations play a particularly important role in trying to prevent the formation of broad peace organizations and antiwar political parties in the United States.

In order to break up labor resistance to its world war III plans, in the face of a large trade union movement with recent traditions of militancy, American big business had to make use of Social-Democracy on a scale unprecedented for this country.

Signalizing this trend the Chamber of Commerce in a handbook advising "loyal" workers on how to drive Communists from trade unions, states:

"As their allies they may have some proletarian groups such as Socialists and Social-Democrats and non-Stalinist Communist groups. . . . In union struggles such experienced leaders contribute organizing ability and generalship, although their diverse ideologies may add confusion. Those who have patriotic or religious motivation, but lack experience, at first can offer only zeal and numbers, the while acquiring experience."[22]

Needless to say, the Chamber of Commerce is not advertising the experience and generalship of the Social-Democrats in building unions and fighting employers, but their persistent exercise of these qualities in splitting the trade union movement.

Working together with the Social-Democrats in this country as in Europe is the Vatican, which uses the authority and discipline of the Catholic Church in the attempt to swing millions of Catholic workers to support reactionary and pro-war policies, policies which have nothing to do with religion, but everything to do with the anti-Soviet and anti-socialist campaign of the Vatican. The principal organized base of the Vatican in the American trade union movement is the Association of Catholic Trade Unionists which, like the Social-Democrats, pretends a concern for militant labor action, but in practice concentrates all energies on corrupting and splitting the labor movement.

These forces cast aside the progressive and anti-war traditions of the C.I.O. As late as 1947, that organization's foreign policy resolution demanded a policy of peace, against fascism, against atomic bombs, and against the oppression of colonial and semi-colonial peoples. It gave maximum stress to the need for friendly relations with the U.S.S.R. But within a few months the leadership of the C.I.O. was supporting the main foreign policy projects of big business, in violation of this resolution. The 1949 foreign policy resolution of the C.I.O., reflecting this betrayal, supported the Marshall Plan, the North Atlantic Pact, the revival of the cartel-controlled Ruhr arsenal, the Point Four program for more colonial oppression, the Baruch Plan for stockpiling atomic bombs. It gave maximum stress to anti-Soviet slanders.

Similarly with domestic policy. The members of the C.I.O. bit-

terly opposed the Taft-Hartley Act and strongly favored labor unity. But the right-wing leaders accommodated themselves to the Taft-Harley Act, and used it as an instrument for splitting the labor movement. Under cover of anti-Communist propaganda, they expelled eleven international unions from the C.I.O., conducted raids of one union against another, discarded democratic forms within unions, sought to forestall workers' struggles for higher wages. They withdrew the C.I.O. from the World Federation of Trade Unions.

Organizing of unorganized workers virtually ceased. Trade union membership declined. Anti-war activity by workers became virtually illegal in many unions. Thus the large proportion of workers who opposed war had great difficulty in fighting for peace; and the labor movement as a whole was placed in a poor position to resist employer attacks against it, or employer moves toward war. If the right-wing trade union leaders were worth all the striped pants diplomats in the State Department for their activities in disrupting the European labor movement, they were surely worth all the professional strikebreakers in America for their services to finance capital in this country.

REACTION AND CHAUVINISM

Lenin stated that imperialism means reaction all along the line, in the home countries of finance capital, as well as in their foreign spheres of influence. His words took on added significance after World War I, when working class revolutions and near-revolutions swept Europe. The rulers of a number of countries resorted to the most extreme form of reaction—fascism—in order to defeat the workers. Democratic institutions were abolished. Communists, socialists, trade unionists, liberals, were tortured, jailed, and murdered. Subsidized gangs of cutthroats conducted a reign of terror. Cultural institutions were suppressed. Entire populations were enslaved, vulgarized, and taught to hate people of other nationalities and to regard them as inferior. This accomplished, the rulers were able to mobilize the people for aggressive war. This process was carried furthest in fascist Germany.

As discussed in Chapter V, it was inevitable that American finance capital, in taking the road of world conquest, would strive to squelch all domestic opposition. In practice that means the attempt to impose fascism on the United States. The splitting tactics of the

right-wing labor leaders merged with this general drive toward fascism on the part of big business and government.

During five postwar years of mounting hysteria, the administration, with the approval of right-wing labor leaders, has persecuted the Communist Party and arrested its leaders. In the fascist pattern, this has facilitated other reactionary attacks. Terror against Negroes and the foreign-born has increased. Opponents of war have been fired from their jobs by the thousands in all fields of work. Channels of publicity and education have been largely closed to all progressive and anti-war ideas. Political jailings, the attempt to wipe out the constitutional guarantees of the Bill of Rights, the increasing subservience of the judicial system to reaction, the growing power of the F.B.I., the trial of the eleven Communist leaders, the deportation proceedings against aliens, the increased centralization of "emergency" powers in the presidency, all signalized the trend toward the fascist police state. Milestones on this road were the enactment of the Taft-Hartley Act in 1947 and the McCarran Internal Security Act in 1950.

Increasingly cut off from the voices of peace and sanity, the people are fed an ever stronger brew of hatred for their fellow men and national superiority propaganda—in a word, chauvinism. Russians and Chinese are attacked as "Asiatic hordes" in the fashion of the "yellow menace" propaganda formerly used to gain popular support for United States imperialist conflicts with Japan.

Truman boasts that in this country we regard human life as precious, while American bombers indiscriminately murder old people, women, and children in Korea. At the same time, American generals in Korea use insulting terms when referring to the Syngman Rhee forces as well as to the Korean people's forces. And in Washington a member of Congress violently insults and threatens to attack physically a Negro civil rights leader before a Congressional Committee.

The ersatz educator, General of the Army Eisenhower, boasts: "This country unified can whip the world,"[28] while Draft Director Hershey calls for more "killers" to try it.

WAR AND THE AMERICAN PEOPLE

Many liberals think that it is possible to outlaw Communists, launch a war of aggression, and still maintain American democracy.

The reactionary attacks against democratic rights during and after World War I were ultimately rebuffed, owing to the strength of popular traditions of freedom, and the temporary stabilization of United States capitalism during the 1920's. The announced anti-fascist aims of World War II, and the active participation of the population, made it impossible for American imperialists to launch similar attacks at the time, despite their own reactionary war aims.

Obviously, these comparisons do not apply to the planned world war III, in which American imperialism would be opposed by most of the world's people, in which Americans would be forced to do almost all the fighting and dying.

The history of what happened to German workers shows that an imperialist power which attempts to lead a world crusade against communism inevitably degrades, impoverishes, and finally decimates its working class and all those who stand for progress and humanity.

In fascist Germany, by 1938, the year of transition to a full war economy, trade unions and strikes were outlawed; workers could not leave their jobs, and in certain categories were subject to forced transfer to other jobs; hours had been lengthened to fifty and sixty per week in heavy industry; the accident rate had been increased at least 50 per cent; health conditions had deteriorated and social insurance payments had been reduced; women, children, and old people were being forced into the factories; real hourly earnings had been reduced at least 10 per cent from the crisis low of 1932; growing shortages were resulting in queues, overcrowding in homes, the supply of inferior substitute food and clothing.

The benefit to most German workers from the loot of conquered countries was short-lived—it lasted from late 1940 to early 1941. Then after the beginning of the attack on the U.S.S.R., conditions of German workers "changed . . . from the serious to the desperate."[24]

The German workers retained one advantage—the mass of the millions of slave laborers brought into Germany were mistreated so as to bring about their speedy death either on the job or, their power exhausted, in the fascist gas chambers, while the German workers were sufficiently fed to prevent death from exhaustion. Otherwise, the German workers were also mercilessly exploited. They died in ever larger numbers from accidents and bombings. They died in the millions at the front.

The fascist countries left their workers—and populations as a whole—worse off than at any time in the history of capitalism.

The labor policy of Hitler Germany is being attempted in the United States. But such actions as President Truman's record use of anti-labor injunctions, and his use of troops to break railroad workers' strikes are mere beginnings.

The mobilization plans call for reducing American workers to the status of slave laborers.

The McGraw-Hill Publishing Co., a powerful publicity organization working with industrial and financial monopolies, in a special report published in 1948,[25] describes what would happen here in a third world war: "We couldn't fight another war without dictating to everyone where to work, what to do, what to get paid for it."

Naturally, "we" refers to the monopolies for which McGraw-Hill speaks.

Nor would unions "purged" of Communists be permitted to protect their members' interests: "Another thing we'd have to do, that was not done in World War II, is flatly to outlaw strikes, treat incitement to strike as treason."

Nor would the remaining Americans be permitted any democracy after the Communists and peace forces had been put in prisons or concentration camps: "Civil rights of all kinds would take an awful beating, of course . . . all sorts of ordinarily innocent activities would become suspect. For instance, even useful and well-intentioned criticism of government operations would be hard to distinguish from treasonable agitation, and so would be choked off."

As for the American standard of living, the report assures its readers that there would be rigid wage ceilings and severe taxes on wages, combined with rampant inflation. In short, the war would be a field day for monopoly employers, who would set all the conditions, and enjoy unprecedented exploitation of the American working people. The report concludes that: "Another war now would add up to a police job. All the candy has been passed out now. This time there would be nothing left but the whip."

Hence a third world war would be directed not only against the common people of all other countries in the world, but equally against the common people of America.

After the attack on Korea in mid 1950, the government hastened to carry out this blueprint. The old Hitlerite slogan of "guns instead

of butter" became the order of the day. The President of the National Association of Manufacturers, Claude A. Putnam, warned that Americans "are going to live in a garrison state for five, ten or fifteen years."[26]

He did not mention that he and his associates are to be the rulers of the garrison, reaping billions out of the sufferings of the people of the United States. Nor did he mention the inevitable horror his program would bring to the American people as well as to those of all countries; the senseless mass murders, destruction of cities and industries; the grievous damage to all modern civilization. Nor did he mention the special, prolonged price the American people would have to pay, like that being paid today by the people of the home countries of the would-be world conquerors, German and Japanese imperialism.

SPECIAL ROLE OF THE AMERICAN PEOPLE

It was shown in Chapter II that the U.S. trusts extend their influence throughout the capitalist world, and in Chapter X that U.S. armed forces press restlessly against the borders of the socialist world, seeking to conquer this third of humanity in a new war. It was shown in Chapter VI that American imperialism, under the false slogan of "American leadership," tries to establish swiftly a world empire, the goal of all imperialists. Can Wall Street succeed where others failed? Lenin attacked the theory of "ultra-imperialism"—control of the world by a united grouping of all finance capital. He showed that imperialist conflicts and war and the anti-imperialist struggles of the people would bring the system crashing in ruins long before any single power or grouping would achieve world mastery. His analysis is more true than ever today.

It was shown in Chapter X that the drive for an American world empire brings about the increasing isolation of United States imperialism, to the point where it cannot win a world war. But this prospect alone does not insure peace. So long as Wall Street believes that it can count on the 7 per cent of the world's people living in this country, it is likely to thrust that 7 per cent into the disastrous course of fighting the rest of the world.

In pursuit of that policy, President Truman more urgently presses the economies and military forces of Latin America, Africa, capitalist Europe and Asia into auxiliaries of the Pentagon war

machine. Truman blockades the Chinese territory of Taiwan and tries to organize a Pacific Pact for all-out warfare against the people of Asia. Relentlessly he tries to convert West Germany into an imperialist outpost—an armed camp against the Soviet Union and the Peoples' Democracies. Persistently he attempts to forestall serious negotiations with the Soviet Union and China, despite world-wide demands for such negotiations. Openly he blackmails the United Nations—either be an instrument of aggression or be broken up.

Within this country Truman subjects the population to a mounting tax burden, reduces their dollar bills to "Truman quarters," freezes their incomes with the hocus pocus of "stabilization," imposes a policy of "guns instead of butter."

The most crucial question which confronts the world today is the attitude and actions of the 150 million people of the United States. The pro-war monopoly of press and radio has not reconciled the American people to Truman's program.

The right-wing trade union leaders have betrayed the objectives of the New Deal period. They have permitted the destruction of the Wagner Act and allowed the foisting upon labor of the crippling Taft-Hartley law. Despite these false leaders, the five years since World War II have seen a larger number of strikers than any previous five-year period in American history, in a wave of labor struggles that continued unabated through 1950. It is one thing to put over a Taft-Hartley law in order to destroy the unions, and another to carry it out. It is one thing for trade union bureaucrats to sign agreements freezing wages and permitting unlimited speedup in the face of rising prices and taxes, and another for the members to accept those agreements.

The terror against the Negro people has increased. But despite it, each year more Negroes break through the southern laws to win the right to vote, more of the Jim-Crow barriers go tumbling, the resistance to legal lynchings grows more militant. The Negro people, with tremendous courage, are rising towards a full struggle against national oppression in the U.S., inspired by the struggles against colonialism of the peoples of Asia. And the most progressive forces in America, Negro and white, give more effective aid to these struggles, make new gains in uniting the white and Negro working people.

The fascist attacks on the most advanced fighters for the rights

of the American people and for peace are intensified. Congress enacts twentieth century alien and sedition laws. But it is one thing to enact these laws, and another to destroy the democratic traditions of the American people. Trade unionists, the Negro people, people's mass organizations, almost all of the really outstanding intellectuals, are joining the fight against the McCarran Act and all it stands for.

In Chapter VI it was shown how President Truman played on the desires of the American people for peace, democracy, and friendly relations with the Soviet Union in order to win elections in 1948. Two more years of unbridled anti-Soviet propaganda have not deceived the people sufficiently to erase these desires, although their expression was suppressed. The military adventures in Korea brought these latent feelings to the surface. Radio polls, letters to newspapers and officials make it clear that the overwhelming majority of the American people want peace. Even within the arrogant ruling circles hesitations and rifts appear, illustrated by the demagogic attempts of Hoover and Taft to mislead the peace-loving people into a "revised" program of imperialist aggression.

Our country will be saved neither by Truman nor by Hoover; but only by a great and representative peace mobilization. World war can be prevented by a massing of popular forces for preservation and extension of the rights of the American people; against the attempts of United States imperialism to maintain capitalism in all countries where the people are working for a better society; against the attempts of Wall Street to maintain colonialism where the people are waging struggles of national liberation; for the principle of the peaceful co-existence of the two systems, of socialism and capitalism.

The distintegration of the system of imperialism, of the new dream of world empire, is under way and cannot be stopped. The people of the United States can by their own actions hasten and insure the final victory of the democratic and peace-loving forces over the threat of fascism and war.

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INDEX

Acheson, Dean, 116-19, 147, 170, 192, 203, 211
Africa, 9, 16, 23, 107, 173; penetration of, by U.S., 182-88; and United Fruit Co., 44; U.S. manufacture export to, 54; wages in, 73, 74, 115
Agriculture, 11, 19, 44, 53, 67, 68, 88, 97, 116; exploitation of, in Philippines, 19; and Philippine food deficit, 20; in Turkey, 97; U.S. control of, in Hawaii, 78
Alaska, 10, 16; as military base, 79
Aluminum Corporation of America (ALCOA), 39, 40
American Federation of Labor, 73, 140, 235-36.
Anaconda Copper, 38, 61, 112
Arabia, 41, 43, 70, 73, 76, 77
Argentina, 43, 46, 123
Asia, 16, 17, 29, 54

Bao Dai, 192, 193
Belgian Congo, 187; and tin, 40
Belgium, 140; and General Electric, 45
Bell Act. *See* Philippine Trade Act
Bethlehem Steel Co., 112, 117
Beveridge, Albert J., 11, 12, 31
Boston group (financial), 12, 43
Brazil, 96, 97, 99, 111, 117, 123, 124, 125; control of coffee industry by U.S., 43, 67; and General Electric, 46; and steel production, 112; textile industry in, 113; wages in, 76
British Empire, forms of rule, 15; status of, 58; and U.S., 17

Canada, 25, 39, 68, 124
Capitalism, and law of accumulation, 9; and "regulated economy," 225-28; and socialism, 221, 243; U.S. expansion of, 8-9
Cartel system, 46-50
Central America, and U.S. imperialism, 12, 16, 43-44, 67-68
Chase National Bank, 51, 52, 133, 163
Chicago packers, and Argentina, 43
Chiang Kai-shek, 119, 120, 125, 148, 189, 191
Chile, and Anaconda Copper Co., 61, 73; and General Electric, 46; land ownership in, 75; Morgan interests in, 45; steel production in, 112; wages in, 73, 75
China, British military operations in, 125; and General Electric, 46; role of U.S. in, 188, 189; and Standard Oil, 13; and "White Paper," 189
Chinese People's Republic, 113, 119, 192
Colonial rule, forms of, 15-16
Colombia, 124; and Standard Oil, 35; and U.S. imperialism, 13, 43
Communists, 7; expulsion from coalition governments, 139; fascist attacks on, 237-38; and French elections, 138; and Philippine liberation movement, 21; and union "purge" in U.S., 240; and Venezuela, 106
Congress of Industrial Organizations, and foreign aid program, 155-56, 236-37; organizing Negroes in South, 90; and Social-Democracy, 235-36
Copper trusts, world division, 37-38
Costa Rica, 13, 44, 99
Crisis, economic (1920-21), 223; (1929), 26, 223-24, 226-27; and war economy, 228-32
Cuba, 13, 18, 23; U.S. domination of, 12, 43, 54; Virgil Jordan on, 123

Dennis, Eugene, 93
Dependent countries, democratic rights in, 98; and industrialization of, 106; and superprofits in, 69
Dubinsky, David, 156, 235
Dulles, John Foster, 39, 132, 146, 147, 211
Dutch-Shell Group, 35, 37, 168

Eastern Germany, 209, 210
Eisenhower, Dwight, 208, 238
England, 45, 124, 125, 140, 145; foreign investments of, 27; and General Motors, 45; and Marshall Plan, 163, 164; steel production in, 25, 26
Export-Import Bank, 111-12

Fascism, and bourgeois democracy, 101; and decay of capitalism, 28, 29; and dependent countries, 101; and trade union movement, 239; in Western Germany, 147
Film industry, 102, 141
Firestone Rubber Co., 40, 61
Ford Motor Co., 45, 167, 191, 233
Foster, William Z., 219
France, 124, 162; foreign investments of, 27; and General Motors, 45; steel production in, 26; and U.S. imperialism, 17

General crisis of capitalism, 28-29, 71; and dependent countries, 97-98, 101
General Electric Co., 10, 46, 49-51, 166, 231
General Motors, 45, 61, 166, 233
Germany, effects of fascism on, 239; foreign investments of, 27, 28; and Second World War, 26, 123; steel production of, 25, 26
Greece, 43, 105, 139, 171-82
Greenland, 201, 204
Green, William, 140, 235
Guatemala, 43, 99

Haiti, 13, 43
Hawaii, 16, 43
Haywood, Harry, 83
Heller Budget, 222-23
Hobson, J. A., 11, 32
Honduras, 13, 44
Hoover, Herbert, 147, 216, 243
Hunton, Alphaeus, 187

Imperialism, 8, 241; and decay, 28, 31, 32; and decline of capitalism, 28; definition of, 7, 28; internal contradictions of, 29; Lenin on, 7, 11, 14-15, 28; and national cultures, 101-02; national liberation struggles against, 32; origin of, in U.S., 8; and parasitism, 225-28; and wars, 196
India, 20, 23, 107, 195
Indo-China, 125, 190, 192
Indonesia, 40, 191
Inter-American Defense Pact, 199-203
International Harvester, 45, 167, 233
International Telephone and Telegraph Co., 45, 177
International Nickel, 38, 39
Iran, 43, 114
Israel, 179-81
Italy, 28, 137; and General Motors, 45; and Marshall Plan, 142, 144, 162, 165

Japan, 16, 23, 28, 127; and General Motors, 45; occupation of U.S. in, 125; and second World War, 26
Jordan, Virgil, 122, 123, 126, 128, 130

Korea, 17, 22, 23, 120, 170, 173, 203; invasion of, 193-95

Latin America, 13, 16, 25, 107, 124-25; elections in, 99; and national liberation uprisings, 18; and native bourgeoisie, 113; steel production in, 96, 108; textile industry in, 96; U.S. superprofits from, 103-04
Lenin, V. I., 134, 146, 234, 235, 237, 241; on imperialism, 7, 11, 14-15, 28, 241
Liberia, 115, 201

MacArthur, Douglas, 20, 22, 193, 194, 195, 214, 215, 216
Malaya, 20, 40, 74, 173, 190
Mao Tse-tung, 32
Marshall Plan, 54, 69, 129, 135, 136, 140, 141, 142, 144, 150, 151, 204; and C.I.O., 155-56; and economic "unification" of Europe, 167-71; and embargo on socialist world, 160-61; and European agriculture, 157; and European airplane production, 158-59; and European coal production, 158; and "European Payments Union," 164, 165; hatred of, 149; and imperialism, 7; and Italian elections, 152; and Quislings, 148; and reduced living standards, 153, 154, 155
Marx, Karl, 90

McCarran Internal Security Act, 140, 238
Mellon Group (financial), 9, 35, 39, 47
Mexico, 13, 99, 112; and General Electric, 46; and oil interests, 109-11
Molotov, V. M., 219
Morgan Group (financial), 12, 131-32; and communications, 45; and copper industry, 38; and Dutch Shell, 37; and electrical equipment industry, 9, 45, 50; and General Electric, 45; and steel trust, 9; partition of Africa by, 187
Murray, Philip, 140, 155, 225, 235

National City Bank, 9, 22, 51, 165
Negro people, and "American standard of living," 91; as croppers, 88, 89; educational opportunities of, 84; as farm laborers, 88; and job discrimination, 85, 92; land hunger of, 92; and Negro-white unity, 93; and ownership of industry, 84; and People's (Populist) Party, 83; and Reconstruction period, 82; as share tenants, 88; and superprofits, 60, 88-89, 93; terror against, 238, 242; and trade unions, 90; treatment of skilled labor, after Civil War, 83; wages of, 84-88; and white chauvinism, 83-85, 90, 93, 195
Netherlands, 46, 140
Newfoundland, 45, 200, 202
Nicaragua, 13, 100
North Atlantic Pact, 135, 136, 145, 170, 171, 173, 200, 201, 205

Oil trusts, and Anglo-American rivalry, 36-38, 157-58; and colonial exploitation, 37; U.S. world control of, 35-37, 76, 77, 157, 158

Panama, 13, 44, 202
Pan-American Airways, 165, 167
Peace, struggle for, 220, 221, 243
People's Democracies, 30, 72, 127, 161, 162, 210, 212, 220
Peru, and U.S. oil companies, 100-01
Philippines, 13, 16, 17, 18, 23, 100, 123, 125, 173, 190; colonial economy of, 20; formal independence of, 21; and Philippine Trade Act, 21-22; resources of, 20; role of Communists in, 21; seizure of by U.S. imperialism, 12; and taxation, 19; and trade with U.S., 20; U.S. control in, 43
"Point Four" program, 114-20, 183
Potsdam Agreement (1945), 170, 210
Price scissors, and monopolies, 63-68
Profits, from dependent countries, 69, 70; from Latin America, 70; rate of domestic and foreign, 61; yield on foreign investments, 61, 62, 72
Puerto Rico, 13, 16, 18; elections in, 99; seizure of, by U.S., 12; U.S. control, 43, 78-81; wages in, 73

Republic Steel Co., 115, 186
Reuther, Walter, 140, 235
Rhee, Syngman, 193-94, 209, 215, 238
Ruhr, the, 147, 169, 204, 236
Rockefeller group (financial), 132; and National City Bank, 9; and oil resources of world, 10, 34-35; and partition of Africa, 187
Roosevelt, Franklin D., 47, 122, 130, 132, 133, 182, 224
Roosevelt, Theodore, 7, 10, 11, 12
Rubber trusts, 40
Russia (tsarist), and steel, 26

Saudi Arabia, 72, 182
Schuman Plan, 145, 169, 170
Schuman, Robert, 48, 170, 208
Sherman Anti-Trust Act, 9, 47
Social-democracy, 137, 156, 235-38
South Africa, 38, 39, 46, 73
Soviet Union, 29, 105, 125, 133, 135, 137, 162, 179, 204, 205; five year plans of, 29; imperialist war plans against, 210-14; and Marshall Plan, 161; property losses in World War II, 29; restoration of industry in, 29; and Socialist planning, 226; steel production in, 31, 96; wars of intervention against, 196
Spain, 13, 18, 45
Spanish-American War, 12-13
Stalin, Joseph, 133, 219, 221, 232
Standard Oil Co., 13, 47, 61, 128, 166-67, 201; and Arabian concessions, 35; extent of control, 34-35
State Department (U.S.), 105, 119, 125, 140, 156, 198, 199, 237
Steel industry, 30; in Asia, 96; in

Latin America, 96; in U.S., 96, 168-71; in U.S.S.R., 96
Surplus capital, and exports, 32; and investments, 10, 31
Suslov, M., 219
Taft, Robert A., 213, 214, 243
Taft-Hartley Act, 7, 140, 237, 238, 242
Trade unions (U.S.), and Dubinsky, 156, 235; and foreign aid program of C.I.O., 155-56, 236-37; on Latin America, 73; Murray's splitting tactics, 140; and Negro people, 90; role of Social-Democracy in, 235-36; and William Green, 140, 235
Truman Doctrine, 97, 135, 139, 148, 157; and the Middle East, 175-82
Truman, Harry, demagogy of, 59, 128, 133, 243; on economic crisis (1929), 225; and Negro people, 91-93; and Point Four program, 59, 114-15, 119; and war drive, 195, 241-43. *See also* Truman Doctrine
Turkey, 43, 45, 97

United Fruit Co., 43-44, 68, 95
United Nations, 63, 77, 148, 164; and curbing of cartels, 47; and Dumbarton Oaks, 127; and intervention in Korea, 215; partition decision for Israel, 179; and report on real wages in Far East, 74; South Africans, protest to, 38-39; and Truman, 242
"United States of Europe," 145, 146
United States imperialism, advantages over rivals, 16, 24-25; African penetration by, 182-88; aims of, in World War II, 123; anti-Soviet war plans of, 210-14; and Asian penetration, 188-93; and control of foreign enterprises, 34; decay of, 31-32; and Dutch imperialism, 17; export of capital by, 10, 32; and foreign empires 33; foreign investments of, 27, 28, 31, 52, 168; and forms of colonial rule, 15-17; and gains in wars, 13, 24; and grabbing of world's raw materials, 41; industrial basis of, 25; industrial foreign investments of, 53; industrial and financial world empire, 55-58; and Latin American dictatorships, 100; and methods of domination, 14, 23-25; and Middle East oil, 42-43; and military bases, 107; military expenditures, 196-98; military power of, 26; petroleum reserves, 42; and Philippine bases, 22; and Philippine trade, 20; and private foreign investments, 52; program of, 32; and South East Asia, 17; steel production, 25-27, 31, 108; strength of, 135; super-exploitation of colonies, 78-79
U.S. Steel, 109
Uruguay, 43, 46

Vatican, 137, 140, 236
Venezuela, 54, 99, 109; disruption of industry in, 103; and oil, 36, 103, 106-07; wages in, 74

War economy, 228-32
Webb-Pomerene Act, 47-48
Welch, Leo D., 128-31, 133, 157, 174
Western Europe, 203-10
Western Germany, 16, 127, 139, 144, 209; and dumping, 151; and General Motors, 45; and 1950 elections, 221; real wages in, 154
Westinghouse, 49-51
White chauvinism, in trade unions, 90; Truman and, 93; and Korea, 195
World Federation of Trade Unions, 140, 237
World War I, 26; foreign investments during, 27; and oil, 36; and post-war reaction, 239
World War II, 121; aims of belligerents during, 30; aims of Wall St. during, 123, 126-27; and cartel system, 48; and colonial rule, 172, 190; foreign investments during, 27, 28; national liberation movements during, 107; profits during, 230; property losses in Soviet Union, 29; role of Soviet Union in, 30; and U.S. military power, 27

Yugoslavia, 55, 57, 206, 216

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